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EFFECTS OF THE ADMINISTRATION'S BUDGET ON NEW JERSEY'S TRANSPORTATION-RELATED PLANS AND PROGRAMS

HEARING

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

FIELD HEARING

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EFFECTS OF THE ADMINISTRATION'S BUDGET ON NEW JERSEY'S TRANSPORTATION-RELATED PLANS AND PROGRAMS

MONDAY, MARCH 6, 1989

U.S. SENATE,
SUBCOMMITTEE ON TRANSPORTATION AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
Trenton, NJ.

The subcommittee met at 11:06 a.m. in room 334, State House Annex, Trenton, NJ, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senator Lautenberg.

NONDEPARTMENTAL WITNESSES

NEW JERSEY DEPARTMENT OF TRANSPORTATION

STATEMENTS OF:

HAZEL FRANK GLUCK, COMMISSIONER
JIM CRAWFORD, ASSISTANT COMMISSIONER FOR HIGHWAYS

OPENING REMARKS OF SENATOR LAUTENBERG

Senator LAUTENBERG. Good morning.

I am sorry that we are starting this meeting of the Subcommittee on Transportation of the U.S. Senate a little bit later than it was called for. Obviously, the weather problems were serious. And all I can say is, thank goodness that we had trains operating today. Thank goodness that we beat "George the Knife" in terms of preserving our transit facilities.

Today we are going to be hearing from a number of witnesses about the effects of the administration's budget on New Jersey's transportation-related plans and programs. The Bush budget proposal, like the previous administration's proposals, would severely gut transportation programs that are vital to the State's mobility and her economic well-being.

A balanced approach to transportation recognizes the interdependence of the various modes. And, as I said to Secretary Skinner when he appeared before the subcommittee, you cannot eliminate Amtrak funding without further crowding the skies and highways; and you cannot cut transit funding without causing even more congestion and polluted air.

Now, everyone is suddenly aware of the threat to our atmosphere and to life on this planet as we know it from the continuing pollution problems, and we have to deal with that in a much more aggressive and serious way.

You cannot cut highway spending unless you want to stifle economic and commercial development.

Now, the subcommittee that I chair has a fairly extensive portfolio, and it includes Coast Guard. And we want Coast Guard to be able to continue its fight against drugs and to pick up additional responsibilities that it has been given over the years to fight ocean and beach pollution, and still to carry out its navigational obligations and search and rescue operations.

The subcommittee has to fight to ensure that there are also adequate resources for the Government's efforts in aviation, including providing air controllers, safety inspectors, and security personnel, while modernizing equipment that controls our air traffic.

So we have got quite a task on our hands. And what has often been offered to us is a lump sum amount, inadequate to take care of all of the needs, but with special priorities given by the administration to things like FAA and Coast Guard. We support those efforts, but what lies behind this is cuts in mass transit, elimination of Amtrak, et cetera—programs that we care just as much about.

New Jersey experiences high levels of traffic in all modes of transportation and, as everyone who lives here knows, it serves as a corridor State for interstate movement of goods and people.

Well, once again we face a tough challenge. The domestic spending programs of the Federal budget are being squeezed tighter and tighter. Now, all modes of transportation, as I said, are experiencing more and more traffic. The traffic numbers are up, whether you are measuring the movement of people or the movement of goods.

And yet, this administration would cut transportation funding when by all accounts we should not only be spending money to keep up with the increasing demands of the short term, but making serious investments to meet the demands of the future.

And of course, again, that includes a better environment even as we build. We are at a critical point in transportation and I do not believe that any of us want New Jersey to pave its way out of the congestion that we face. We do, however, have to ensure the mobility of our citizens.

In the next year or so, discussions are going to be held in Washington on the reauthorization of the highway and mass transit program. During those times, each State will be called upon to make its views known and what it would like to see in the next highway transit bill.

Now, there is going to be fierce competition for whatever Federal dollars are available. The Sunbelt States are already mounting an effort to have funding distributed on a population growth basis. The Western States want funds distributed on the amount of lane miles, lane miles of traffic, and highway facilities. And the northern tier States want weather and the freeze/thaw effect to be a factor when distributing funds.

So you can see that there is going to be a lot of pulling and tugging. New Jersey must make its needs known and to do so sooner

than later, so that these views can be considered as we write our appropriations bill.

And also, since I sit on the Environment and Public Works Committee and am chairman of a major subcommittee of that committee, the Environment and Public Works Committee is going to be starting its work on the new highway reauthorization bill. So we are doing our planning now.

I was disappointed and share the dismay of perhaps millions of other people in New Jersey when we read that New Jersey Transit plans to raise its fares on average 12.5 percent and eliminate service on routes for 28,000 passengers. According to one New Jersey Transit board member, it is described as the dismantling of New Jersey Transit.

Well, this State ought to be building a better system, not taking apart the one that we presently have. For some time, New Jersey has been at the bottom of the pile when it comes to State and local contributions to major systems. But the flow of Federal funds into New Jersey has held steady, in spite of a continuously shrinking national pie. Since 1982 Federal spending on transit has decreased by 20 percent. But at the same time, New Jersey's share of that pot has grown by 21 percent. The fact of the matter is that our State has got to do more.

All around New Jersey, we are seeing more and more gridlock. From Morris County to Cape May County, local officials are screaming for help. It is threatening to turn Hudson County's new gold coast into a steel coast, as cars pile up on inadequate roads.

As I have for years, I am going to continue to fight in Washington for Federal transportation funds for New Jersey. But I need help from our State. That means one thing—a serious, real commitment to State and local funding.

Today we are going to be looking at the transportation picture in our State, both statewide and more specifically focusing on the Hudson River waterfront and its transportation needs, because of the excitement of the new opportunities being created there. Two and one-half years ago we secured a $20 million Federal grant to help meet those needs. We are going to have a chance perhaps today to learn more about what is being done with those funds and what else needs to be done.

With that, I welcome our first witnesses for New Jersey DOT. And I am not sure whether the Commissioner, who has been able to join us, or the Assistant Commissioner will make the presentation—can someone fill me in here?

STATEMENT OF HAZEL GLUCK

Ms. GLUCK. Senator, I would like to have Jim Crawford, Al Harf, and Martin Robins, who does the waterfront, and at least Jim and Al make their presentations, and then maybe have a forum, if that is all right with you, so we can have a discussion.

Senator LAUTENBERG. OK. We are not going to, as you know, Commissioner, hold a conference. But we welcome the bevy of witnesses. Maybe you should just move the witness table back.

If you can consolidate whomever, we would respect the concerns and abilities of all of you and all of the members of the DOT.

We are also going to be hearing from the executive director of New Jersey—acting executive director, sorry, I am not making promotions—Mr. Nutt. But we will ask you to do that after the DOT presentation.

So I would invite the DOT witnesses to the table.

Ms. GLUCK. Senator, if I may, before Jim begins his testimony, I would like to have the opportunity to say a few things. There is no question in our minds that we do not want to see the decimation of New Jersey Transit.

[The statement of Ms. Gluck follows:]

STATEMENT OF HAZEL GLUCK

Good Morning, Senator Lautenberg. Thank you for giving me the opportunity to speak to you today about the future of transportation in New Jersey.

Nowhere is the subject of transportation more important—transportation and how well we handle it will define our future.

In the past, we have made tremendous progress. Despite the fact that New Jersey is one of the most congested states in the country, we have succeeded in keeping goods and people on the move, subsequently enjoying an economic boom.

A great deal of our success can be attributed to the support of the Federal Government. The working partnership we have established over the years has been instrumental and crucial to our transportation network. In Fiscal 1988, we received $429.4 million in Federal highway funds, $20.7 million in Federal aviation funds and $38.8 million for operating costs and $125.6 million for capital expenses in Federal transit support.

Now is not the time to hesitate or to turn back. We see our need for Federal support increasing not decreasing for we face many transportation challenges.

For instance, at the beginning of the year, we in New Jersey were told by the Federal Environmental Protection Agency that we only have until October 1991 to come up with a workable plan for reducing ozone pollution.

The ozone readings in New Jersey violated the national clean air quality standards for 45 days last summer with levels sometimes DOUBLE the recommended levels for ozone. Not facts to be proud of. And a reality that is very difficult to change.

What is the major source of this kind of air pollution? The automobile—automobiles in New Jersey and automobiles in other parts of the country, as well. The winds bring other states' ozone to us. We can't control that problem on our own.

One unpalatable fact we in New Jersey are going to have to come to grips with: we must reduce the growth of vehicles on our roads.

One way to accomplish this is to encourage ridesharing. We have been taking some innovative steps in this area.

The NJDOT has been actively promoting the creation of Transportation Management Associations. We have a state-funded discretionary grant program to get these associations off the ground.

TMA's promote and encourage the use of transportation management strategies, such as ridesharing, flex time, preferential parking and staggered work hours in order to use existing facilities more efficiently. They help ORGANIZE ridesharing programs and aid the private sector and municipalities in solving transportation problems.

If an employer with 1,000 employees had just ten percent of those employees involved with vanpooling: more than 100 single passenger cars would be removed from the highway. With 15 percent of the employees carpooling—150 cars would be removed.

Similarly, if each employee shared a ride one day every two weeks, a ten percent vehicle reduction would take place substantially improving traffic flow.

Another way to reduce the number of cars on the road is to encourage commuters to use mass transit.

We must make sure that our rail and bus service is safe, efficient and dependable. We can't do it without Federal aid—it's as simple as that.

I would like to thank you, Senator Lautenberg, for your support of our efforts in the past. We are confident you will continue to help us in the future.

There is a trend at the moment to have the states assume more and more of the responsibility for their mass transit operations. In theory, it's a good idea. However, New Jersey and the North East are in very different positions when compared to

other more rural states. We already heavily support transit, both through the farebox and state investment.

However, people from Pennsylvania, who commute through our state to get to New York, don't pay to help us maintain our rail system. They don't pay a motor fuels tax, one way of generating funds. Their income taxes go to New York. Yet, this interstate travel is an everyday occurrence.

One reason for Federal involvement in transportation is the recognition that interstate commerce can not be left to individual states. We suggest, Senator, that these multi-state daily trips constitute an important element in interstate commerce.

The private sector may—in the future—prove to be an untapped source for funding for transportation projects. But until that happens—until we actually see some dollars—the Federal Government is of pivotal importance to New Jersey's transportation network.

We have been successful in the past—on our own—in creating a stable source of transportation funding: the Transportation Trust Fund. But again, the fund draws down on Federal funding, too.

The Transportation Trust Fund—created 5 years ago—was funded by earmarking part of the existing motor fuels tax, an increase in heavy truck registration fees, short term revenue bonds, and contributions from the state's three toll road authorities.

The fund made $2.7 billion worth of improvements over a 3 year period possible.

In order to continue the much-needed improvements to our roads and transit system, the Department requested a renewal of the trust fund. The Governor signed the measure in 1988. The renewal required a two and one half cent increase in the motor fuels tax. Another two cents came from the existing non-dedicated motor fuels tax. Together these revenues provide $200 million in additional funds for transportation. In general, a penny of gasoline tax in New Jersey equates to $45 million.

The Legislature has placed a $365 million annual cap on state money for the fund. Since we are subject to a cap on state funds—and the cost for transportation improvements keeps INCREASING—ultimately we can do less and less with the state money.

New Jersey Governor Thomas Kean recognizes the importance of funding for transportation. During his recent budget message, he recommended that not ONE CENT be taken away from transportation. So, despite the fact that the majority of state departments received reduced state funding, our Department did not. BUT the budget doesn't give us any additional funds either.

Once again, New Jersey is in a unique position. We have some of the busiest highways in the country. Our roads have more people on them during one rush hour than many states have for a whole day.

AND—we cannot expand our roads much more—it is not only environmentally unsound but physically impossible as well.

Over the past 3 years, we have completed a number of long-awaited projects: the missing gap of Route 287 from Montvale to New York State; awarded first of two contracts to complete Route 24; awarded two contracts completing Route 55; and awarded the largest highway construction project ($106.6 million) to bring existing Route 130/I 295 in Gloucester County up to interstate standards—to name a few.

Concerning Route 1—a project you have been particularly helpful with, Senator—Federal fiscal year 1988 authorized $50 million to be appropriated over an unspecified period of time for work on the Route 1 Corridor between Trenton and New Brunswick.

Once we receive final approval from the Department of Environmental Protection—we will begin right of way and the final design on the Northeast Corridor Rail Line Bridge Project (improvement of the Northeast Corridor Bridge up to the Route 130 Circle). Next, we will start the same procedure for the Circle itself. Then, on to the interchange at Scudders Mill Road.

We plan to draw down on the rest of the available funds in the near future for the following: construction of the Route 1 and 130 interchange and engineering plans for Route 1 from Quaker Bridge Road to Alexander Road, including the interchange at Alexander Road.

HOWEVER, MAINTAINING our existing transportation system—NOT NEW CONSTRUCTION—is vital to our economy and the economic well being of the metropolitan area. Getting back to the ozone problem—gridlock exacerbates it. We need to keep traffic moving. Keeping our infrastructure in excellent condition is vital in this effort.

The United States as a whole, however, still lags behind when it comes to investing in public facilities improvement. For example, Japan plans to invest $3 TRILLION over the next ten years in a new development plan—the biggest public works improvement plan in human history. This in a country virtually built new less than 40 years ago. In the United States, over that SAME time period, Federal funding amounts to about $2.8 BILLION. That's quite a difference!

All of us know that the Interstate Highway System will be completed in the next 3 years. We cannot, however, allow the Federal transportation commitment under the Federal Highway Trust Fund to expire as the act itself expires. The money can and should be well spent in transportation areas.

It may seem like a contradiction for me to say we have to reduce the number of cars on the road and yet keep spending money on highway construction and improvement. But it's not.

There is no question that the automobile will continue to be an important part of our future. We must maintain our infrastructure, which represents a major investment.

However, we also have to work to eliminate the air pollution generated by our cars. Our lifestyle has changed in New Jersey. The number of people commuting JUST suburb to suburb has more than doubled from 11 million in 1960 to 25 million in 1980. We are going to have to address the ensuing problems caused by increased suburb to suburb traffic.

More research by the Federal Government and private industry into alternative forms of fuel is in order. Further increasing fuel economy needs to be encouraged. And, we must address nationally the pollution generation of the Midwest as an element in New Jersey's ozone problem.

Thank you for giving me the opportunity to testify on these matters so important to New Jersey. I am pleased to respond to any questions you may have.

STATEMENT OF JAMES CRAWFORD

Senator LAUTENBERG. I wonder if we can do this, Commissioner. If there is a formal statement, what I would like to do is get on with the formal statement first, and then you are certainly free to make any amendments you wish.

Do we need a microphone? I guess everybody can hear Mr. Crawford.

Mr. CRAWFORD. Senator, there is a formal statement that has been submitted. We ask that it be entered into the record, and I would just like to summarize.

Senator LAUTENBERG. Without objection.

Mr. CRAWFORD. Thank you very much for giving us the opportunity to speak here about the future of transportation in New Jersey. Nowhere is that subject more important. Transportation and how well we handle it will define our future.

In the past we have made tremendous progress. Despite the fact that New Jersey is one of the most congested States in the country. We have succeeded in keeping our goods and people on the move, subsequently enjoying an economic boom.

A great deal of our success can be attributed to the support of the Federal Government. The working partnership we have established over the years has been instrumental and crucial to our transportation network.

In fiscal year 1988, we received $429.4 million in Federal highway funds, $20.7 million in Federal aviation funds, $38.8 million in transit operating costs, and $125.6 million in capital expenses for Federal transit support. I ought to point out, Senator, that at the same time New Jersey was substantially increasing the State investment in both the operating and capital portion for New Jersey Transit, and as well as adopting the transportation trust fund renewal, which provided additional capital support for our highway

program, putting us at a point now where over half of our program comes from State funds as opposed to the previous package, where several years ago as much as 75 percent was coming from the Federal program.

However, we are faced today with congestion of tremendous levels in all of our systems. As you have pointed out, we must reduce the number of cars on the road and we must encourage commuters to use public transportation.

We must also make sure that our rail and bus service is safe, efficient, and dependable. We cannot do it without Federal aid. It is as simple as that.

We would like to thank you, Senator Lautenberg, for support of our efforts in the past. We are confident that you will continue to help us into the future.

There is a trend at this moment, however, to have States assume more and more of the responsibility for their mass transit operations. In theory, that is a good idea. However, New Jersey and the Northeast are in a very different position when compared with other, more rural States.

We already heavily support transit, both through the farebox, where our commuters pay the highest levels in the country, and State investment. However, people from Pennsylvania who commute through our State to go to New York do not pay us to help maintain our rail system. They do not pay the motor fuels tax, one way of generating the funds, and their income taxes go to New York State where they work.

Yet this interstate travel is an everyday occurrence. One reason for Federal involvement in transportation is the recognition that interstate commerce cannot be left to individual States. We suggest, Senator, that these multistate daily trips constitute an important element in interstate commerce.

The private sector may in the future prove to be an untapped source of funding for transportation projects. But until that happens and we can actually see some dollars, the Federal Government is of pivotal importance to New Jersey's transportation network.

And if I just might point out one critical issue, Senator, whereas in many States both the transit and highway programs at the local level are supported through various forms of sales tax, in New Jersey, where our transit systems frequently support or heavily support the urban centers outside of our State, those sales tax revenues are not available in any form to support any of the transportation system.

Once again, New Jersey is in a unique position. We have some of the busiest highways in the country. Our roads have more people on them during any one rush hour than many States have in a whole day.

And we cannot expand our roads much more. It is not only environmentally unsound, but it is physically impossible as well.

We have completed a number of major highways. There are a number of projects that are still on the books. But it is clear that on our highway program we will not be looking at new construction of new facilities.

We must maintain our system in a much more efficient manner. We must recognize that maintaining traffic while we repair and upgrade our system is of critical importance to ourselves and to those thousands of trucks that move each day through our State on their way to other markets.

Senator, this is a very brief summary of the normal testimony, but I think it highlights the two key areas that we wish to comment on.

Federal involvement with the States in transportation has been one of the most successful State-Federal cooperative partnerships that this government has experienced. It needs to continue. At the same time, we need to recognize that some of the past programs, with their focus on building new lanes of highway, have missed part of the point.

One of the things that I would just like to point out, for example, is the importance of Amtrak in the interstate system in the Northeast. If we look at the west coast, where the interstate highways are much closer together in a north-south pattern than they are on the east coast, we recognize that part of the reason for that is that when the original system was laid out there was a good transit system, the predecessors to Amtrak, capable of moving large numbers of people every day up and down the east coast.

Had that not been there, I daresay that our interstate highway system would have been very different. And yet, people today look at Amtrak and somehow discount it from the interstate program.

It ought not to be discounted. It ought to be viewed as essential an element as I-80 or one of the other major roadways.

Senator LAUTENBERG. Thank you, Mr. Crawford.

Commissioner Gluck, did you want to make some comments?

Ms. GLUCK. Yes; I just wanted to add a few things today if I might, Senator. Thank you for being here today so we can talk about this.

I think it is important to understand that the transportation trust fund in the State has really, when it comes to our capital construction program, which is over $800 million a year each year now as far as the Department and Transit is concerned, has really been a major underpinning for success in the State.

We are the first State to have a transportation trust fund. There are other States that followed suit. But it is a major contribution through the gasoline tax. About 7 cents of the 10.5 cents of the tax goes into the transportation trust fund.

Now, the other 3.5 cents that is there really does not, if you compute it out, does not begin to pay for the operations, the budget of New Jersey DOT and Transit and some of the motor vehicle budget, as well as the State police. So the 3.5 cents really does not cover the operating expenses of the Department and Transit.

The other thing is that we are in the process of trying to get three bills passed called TransPlan. They may be three of the most significant bills that have ever been before our legislature.

One has been signed into law that has to do with access on State highways. Another deals with transportation development districts, and the third with county and municipal planning.

It puts New Jersey on the cutting edge of doing some things that no other State in this country has done. We feel that these are

going to be significant in future planning. And we also are pushing and funding through the State transportation management associations, whereby we use ride-sharing and vanpooling and push flexible hours, because all the money in the world is not going to unlock some of the gridlock.

We can only build so much. We are not going to keep on building. And as you stated, paving from the Delaware to the Atlantic is not going to be done in New Jersey, for a lot of reasons, not the least of which is the environment and the costs that are involved.

So there have to be ways of managing the roads that we are looking at now that will give us a greater ability to move around the State of New Jersey.

And I suppose when you come to the renewal of the Surface Transportation Act, which I know that you are concerned with, and we are concerned at ASHTO and APTA, and we have been on all kinds of committees, and I am going to be serving on a committee for the Office of Technological Assessment that your committee asked to have formed, along with other committees, as a member of that committee, talk about the infrastructure in the United States.

But one of the things that we have talked about in the Department is that the formula money now under the Surface Transportation Act has to do with population and center line miles that you referred to in your statement, in other words the length of the road, which means I guess if you are in Wyoming or Kansas or in Iowa the road could be 300 or 400 miles long and that is how the formula is dispensed.

We may not have a road that is 300 or 400 miles long, but we may have six lanes, three in each direction, or eight lanes, four in each direction. And all we get counted for is the center line miles, which means the length of the road.

We think that is inaccurate. Also, it is not based on volumes of traffic. So the Northeast suffers as a result of that, and it does not reflect any cost of maintenance that we have to incur as a result of rehabilitation. So in that area alone we think there is inequity.

We also—I personally feel that we should have more flexibility. I am not saying that we should do away completely with categories in the renewal, but I think that the States should have more flexibility in how they use their moneys. It is different for each State, and I think the transfer between categories should be made easier so that we do not have to go through monumental bureaucracy in the FHWA or the paperwork or whatever to make those kinds of transfers.

We should be considered grown up enough in the States to be able to handle our money and put our money where we think our priorities should be. So that would be some of the discussion that we have had in-house with regard to the Federal Surface Transportation Act.

And we will be giving you everything we can with regard to the act and the areas that we feel we need to have changed or modified.

Senator LAUTENBERG. We invite you to do that. That is, regardless of what we think is the justice of the formula now, the formulization. There are a lot of people on the other side——

Ms. GLUCK. Absolutely.

Senator LAUTENBERG [continuing]. Who think that the distribution formula should be changed; that those States that have the big mileage with very little use on a comparative basis to ours are looking for an even larger share. They, at least publicly, do not recognize that mass transit is an integral part of a balanced transportation system for this country. And if you look at the size of population served by transit, you would see that there is an overwhelming need to continue to invest in our transit systems.

Now, a lot of those people, I must tell you, know I am an aggressive supporter of Amtrak, and we have been successful. And this administration is No. 2 in line to hack away at Amtrak. In fact, there are a lot of people across the country who want to continue Amtrak in a lot of the rural States as well. And that is the difference, very frankly, in our being able to stave off the axe on Amtrak, whether in West Virginia or places in Wisconsin that are further west. They really see Amtrak as their only connection to a lot of these rural communities, and these rural communities to the outside world.

But there is a lot of hostility, and we are prepared to mount a major fight, I can tell you that. And we have a good coalition of Northeast Senators and Congresspeople who are in positions of strength to fight that battle.

Ms. GLUCK. Well, we appreciate that.

Senator LAUTENBERG. Well, thank you both for the observations.

What I would like to do is run through a few questions here that will help us focus on the sharing of the problems as we can do it. Now, it is fairly obvious that New Jersey, as I said in my testimony, has done fairly well, despite the reduction in resources available for transportation and transit support. But the pressure builds, and of course, a major question that I have asked of me and brought to the table by officials of DOT and UMTA and others federally is, well, what is the State doing to help itself?

New Jersey fares pretty well among the States in terms of its share of support from the Federal treasury, and in fact, does not contribute as much as many other States do to their transportation needs. So we will run down and talk about a few things and you will have a chance to express yourself as we go through.

It looks like New Jersey might lose as much as $16 million in highway funds, as much as $16 million in transit formula funds, and, as you acknowledge, $50 to $100 million in transit discretionaries, with no operating subsidies for population areas with less than 200,000 people.

The question here is, and the question that arises, is what do you do? What does New Jersey Transit do to accommodate? What do you do in DOT generally to accommodate these problems?

Ms. GLUCK. Well, Senator, if we lose in New Jersey DOT $16 million in formula money to the Department of Transportation, it means that there are certain things that will not get done, that will have to be postponed, pushed further out.

Senator LAUTENBERG. Such as?

Ms. GLUCK. Well, maybe some bridges. It is hard to tell where these cuts are going to be, the $16 million, which the formula cuts are going to be. We do not know if it is rural or bridges.

But somewhere along the line, interstate, something will be left to be done in out years. And every time that happens, of course, the out years cost more and more money to do the same project. It is only logical. I think we have like an 8.5-percent factor in our cost of projects as they go from one year to another at this point.

When it comes to transit, every penny that is taken away from transit is very difficult for us to deal with. If it is formula money, it means that we are going to have to make some kind of adjustments. And if we have to go back to the farebox to make them, I would submit to you, as you noted in the beginning, that even though the New Jersey Transit board—I mean, we must balance our budget, and we have a $55 million hole in our budget.

And the only way we can see to balance it and to go out to public hearings is with this 12.5-percent increase, plus the severe or draconian service cuts, as we see it. It would mean that we would either have to cut service or we would have to raise fares more.

And I submit to you that that is a downward spiral. I just do not think—I think there is a point beyond which you cannot raise fares and there is a point beyond which you cannot cut service without all of it starting to go in the direction that is really contrary to public policy.

Senator LAUTENBERG. So in summary, where do we go? What happens? You say you cannot raise fares more, and I am inclined to agree with that.

I mean, there is hardly either a line or a theory that says that commuters have to pay enough to make it work. I mean, it does not happen in all kinds of ways. It does not happen in bridges, it does not happen in trains. Some bridges do carry it, but most toll roads do not, because they have to be prepared for the heaviest usage.

But what then happens if the passenger cannot be asked to pay significantly more or we destroy the incentive to use public transportation? The Federal pie is small. Where do you go?

Ms. GLUCK. Well, the State pie is pretty small at this point, too. We have problems statewide. My own opinion, which is probably contrary to what a lot of other people's opinion would be, I really think that if it were the Arabs that were forcing us to raise our Federal gas tax or our State gas taxes to accommodate buying the petroleum, or whether it is with the signing of a regulation, as I was telling Pat, by the Department of Environmental Protection for good sound reasons, that would raise our gasoline costs 2.5 to 3 cents here come this July, I really think—and I agree with what you said about the infrastructure and economic development and jobs and the environment and proper land use.

I think that, since Japan is going to spend $3 trillion on infrastructure in the next decade, as I understand it, and the European countries are coming together, the Common Market are going to be spending I do not know how much money on their infrastructure, that for the United States of America to continue to be an economically viable power in the world that we have to spend more money on our infrastructure.

So I think we are going in the exact wrong direction. I would be willing as a citizen of this country to pay more on my Federal gasoline tax if I knew that the money would go to the operations of

transit and would go for the bridges, the rehabilitation of interstates, the kinds of things that, you know, we feel are important.

I would be willing to pay it. I think in the long run it creates much greater opportunities for this country, for those of us who need to work, for those of us who want affordable housing, to do it that way, than to have the infrastructure continue to crumble.

It is going to get to a point in my opinion where you are not going to be able to save it.

Senator LAUTENBERG. Would you say, Commissioner Gluck, that in demonstrating your willingness to share the Federal highway tax, how about State taxes?

Ms. GLUCK. Well, we just went in for an increase in gasoline.

Senator LAUTENBERG. Is New Jersey among the highest tax States?

Ms. GLUCK. No.

Senator LAUTENBERG. Among the——

Ms. GLUCK. It is among the lowest.

Senator LAUTENBERG. Where do you rank, do you know?

Mr. CRAWFORD. I think we are about 37th, Senator, right now.

Senator LAUTENBERG. Thirty-seventh?

Mr. CRAWFORD. From the top.

Senator LAUTENBERG. OK, from the top, 13th from the bottom, among State taxes collected.

Ms. GLUCK. Yes; we used to be the next to the last one from the bottom.

Senator LAUTENBERG. We used to be next to the last.

Where does New Jersey fit in terms of receipts for transit assistance, transportation assistance—I am sorry—from the Federal Government? Do you know?

Mr. CRAWFORD. I guess that is hard to answer. In terms of absolute numbers, I believe that we are around 12th or 13th.

Senator LAUTENBERG. From the top?

Mr. CRAWFORD. From the top.

In terms of what we pay in to the Federal Government, we are about seventh.

Senator LAUTENBERG. So that we contribute significantly, do not get as generous a share back as we contribute. But on the other hand, from other sources of transportation assistance we do pretty well, considering the contribution that the State, State residents, and State citizens, make to transportation.

Mr. CRAWFORD. As it stands right now, Senator, in 1988 in particular we were above the amount that was the proportional ratio of what we paid in to what we got back when you included all of it. This year we may be again, because of the discretionary moneys that you have had added to the program.

Other than those 2 years, however, we have historically run significantly below and we are about 89 to 90 percent, if we were to look at it over several years.

The key issue that affects us, as opposed to most States, is that there are two things missed when you do those calculations. The first is that the amount generated per mile in New Jersey is much higher than anywhere else in the country. We generate more revenues per mile of road than anyone else.

The second is that when you start looking at gas taxes, that is not the only form of transportation fee being paid in New Jersey. Our residents pay for the turnpike, the parkway, and the Atlantic City Expressway, for many of the bridges, on a per-trip basis. Those roads are maintained then outside of that system.

Yet if we were to look at the total payment made by the citizens of New Jersey as they use the transportation system, you really should include that in the calculation if you were to compare it with a Midwestern State that has no toll roads at all.

Senator LAUTENBERG. We are looking at a substantial cut for highway formula, $16 million. Once again, I guess the question comes back to the same thing: How do you deal with the shortfalls? Do we stop the work on the infrastructure?

Mr. CRAWFORD. Realistically, Senator, the first thing that is going to end up being hit is probably the interstate program. We were expecting in fiscal years 1990 and 1991 to seek discretionary interstate funds from the Federal Government so as to be able to complete the projects. Our schedules for construction are such that we will be able to finish the program—have all of the projects under construction by 1991, as was anticipated when the Surface Transportation Act passed.

It seems unlikely, given the cuts at the Federal level, that we will be able to do that financially. So that projects will sit, and in effect it will cost us all more.

Senator LAUTENBERG. Sure. I mean, obviously the costs for repair, the costs for construction, keeps on accelerating. And the catchup often is not in direct proportion, because other problems attend to these things, whether it is diversion of traffic, lost time from work, lost economic opportunity.

How much of the State gasoline tax goes into the transportation trust fund?

Ms. GLUCK. Seven cents out of the 10.5 cents, and the other 3.5 cents stay in the general fund.

Senator LAUTENBERG. How does that stand among States?

Mr. CRAWFORD. Well, in most States the total transportation budget is paid for by their fuels tax. In New Jersey——

Senator LAUTENBERG. Well, the reverse of that. I mean, you could still have a portion left over conceivably?

Mr. CRAWFORD. In most States, the full transportation motor fuels tax, and in many cases also licensing fees, go in to pay for the operations and capital program of the transportation agency.

In New Jersey, the 7.5 cents—or the 7 cents goes just for capital for the Department of Transportation, New Jersey Transit, and the local aid program. The operating costs of the Department and New Jersey Transit, as well as the operating costs of the Motor Vehicle Agency, are paid for out of general funds.

Those equate to more than the 3.5 cents that are left in. So on a comparable basis in terms of the percentage of moneys paid in coming back to transportation, New Jersey is higher than the average State.

But we also include transit in our program, which many States would say that they do not like to compare.

Ms. GLUCK. Senator, may I just make a point, that the State of New Jersey contributes more than I think almost any other State

in the country to its transit system. What we do not have is any local contribution. Therein lies one of the biggest problems in funding for us, because we do not have a Chicago or a Philadelphia or a large city such as that.

Senator LAUTENBERG. Right. But you cannot take these out of context, because what happens in lots of other States, education, et cetera, investments or funding comes from different sources.

I mean, we have an inordinately high real estate tax in this State of ours, and these are dedicated funds for the most part to specific projects. So the fact that there is more of a contribution coming from the State, less from local, does not really tell the whole story, I mean, because a lot of the tax contributions made in other places are shared by transportation needs, other community needs, education, as well.

Ms. GLUCK. Some places have a specific transit tax.

Senator LAUTENBERG. In the communities or in the counties?

Ms. GLUCK. Right, specifically for operations.

Senator LAUTENBERG. So it does not matter how we do not get there. The fact is that we do not get there.

Ms. GLUCK. Right.

Of course, the farebox here is very high as well as a result of that.

Senator LAUTENBERG. Very high, right. And I think it is fair to say, is it not, that the farebox costs are not increased because of the lack of Federal assistance on a relative basis?

I mean, we are talking about other parts of the country, we are talking about other States where the support for transportation comes, as we just discussed, from local sources. So that the fares here on balance are relatively high for transportation services, is that a fair statement?

Mr. CRAWFORD. The fares as a percentage of the total revenues are high. The fares in absolute terms are comparable.

Senator LAUTENBERG. But the fares as a percentage are very high. And again, whether you raise the bridge or lower the water, the fact is that we get to a situation where the State/community contribution is not really as high as it is in many other places.

Mr. CRAWFORD. I do not know that that is a fair statement, Senator. I think that the problem is that we have two issues here that are different than most States. First, we run a relatively efficient system. The fact that so much of the bus service in New Jersey can be provided by the private sector with no operating assistance at all is unique. There is virtually no place else in the country that is able to do that.

And part of the reason that that is successful is because of the fact that we have a longer commute with a different pattern than many places do, and we have a very high percentage of certain markets that actually use transit, which again is unique.

The second is that, unlike most States, we have a very high proportion of interstate travel as part of our daily commuting trip. In most States the local transit service is in fact bringing people from the suburbs or the outer portions of the city into the downtown area and running it at a relatively inefficient, in terms of riders per mile, basis.

In New Jersey you are carrying literally thousands of people on relatively long trips to a very dense employment base in both New York City and the northeastern portion of the State, and therefore are able to achieve certain economies.

So while we may not be contributing as much in terms of the proportion of the total costs, the contributions from New Jersey are substantial in terms of the operating assistance to the system.

Senator LAUTENBERG. The question I think that has to be answered is whether or not New Jersey has to look more to itself, and the answer to that is being dictated in large part by the reduction in Federal funds.

We can fight a hostile administration just so far and, as I said earlier, when you say, OK, do you want more funding for transit systems taken away from the Coast Guard's drug fighting or from FAA's safety—I mean, who is going to stand up there and say it?

The fact of the matter is that all of this is part of a transportation system in the country, including the peculiarity of the Coast Guard in that.

Mr. CRAWFORD. And Senator, I think that is one of the reasons that the Commissioner called for as much flexibility as possible, because in looking, especially at capital programs in New Jersey, it may make more sense to invest in an additional rail facility rather than build an additional lane of highway to move the same people.

Senator LAUTENBERG. How do you make that case? You see, look, all of us like the convenience of putting the key in the ignition and leaving when you want to and coming back when you hope to.

The fact is that it takes leadership, and the leadership cannot start in Washington. The leadership has to——

Mr. CRAWFORD. And I think to a certain extent we have started that leadership.

Ms. GLUCK. Oh, absolutely.

Mr. CRAWFORD. We have begun funding from state funds, for example, transportation management associations for the purpose in the suburban communities of building up ride-sharing programs, whether it be in subscription, bus, or vanpooling, because we recognize that if we are going to rely solely upon trying to build new highways into Morristown, they are not going to get built.

Senator LAUTENBERG. No; but new rail systems operated efficiently do make an enormous difference, and when they become attractive because they are reliable and relatively comfortable to ride on people will use that as a means to get back and forth to work or to do other things.

We are very hopeful about the Atlantic City Railroad which is going to be starting I think in May, that it is going to reduce some of the congestion, some of the inconvenience, a lot of the pollution, we hope. And that is not a normal commute, either. We hope that it will be used for——

Ms. GLUCK. Senator, the biggest problem we have commutewise in New Jersey now is suburb to suburb, and it is true in a lot of places around the United States. Now, we have since 1982, the State of New Jersey, has doubled the operating assistance to New Jersey Transit. And I do not think as a track record we should be doubling the operating assistance to New Jersey Transit and the

transportation trust fund, which has allowed us to go forward with capital moneys.

I think that the State has tried very hard to fulfill the public policy role that they feel is important to them. I do not think that we are going to be able to do this, to continue anywhere in this country, if the Federal Government walks away from the fight.

Senator LAUTENBERG. Well, what happens if we eliminate Federal operating assistance from the next year? What kind of a fare increase would you be looking at?

Ms. GLUCK. You mean all the $38.5 million in Federal operating?

Senator LAUTENBERG. Operating assistance, right.

Ms. GLUCK. It would be enormous. It is about 1 percent——

Senator LAUTENBERG. What percentage of New Jersey Transit's operating costs are subsidized by Federal money?

Mr. WOODEN. Right now it is about 6.5 percent. That is down from about 14 percent in fiscal year 1982.

Senator LAUTENBERG. So why would it have to be enormous? Why would it not be 6.5 percent or whatever?

Mr. WOODEN. The problem is, as the Commissioner alluded to earlier, the board of directors last week has sent to public hearing a proposal for the 12.5 percent fare increase and $25 million in service cuts.

If Federal assistance, which was assumed at $38.5 million in fiscal year 1990, if that were not to materialize, the fare increase would have to average approximately 40 percent, assuming no more service cuts.

Senator LAUTENBERG. So that——

Ms. GLUCK. Senator, excuse me. This is Mark Wooden, the Chief Financial Officer for Transit.

Senator LAUTENBERG. We are happy to hear from him.

The question, though, of the percentages of support and percentages of the fare increase is not an easy case to make, as you know, because they look like they ought to be directly proportional.

The fact is that it is, I think, a lot easier to point the finger at Washington and say, they are the guys who are responsible for your fare increase, *x* percent. Well, I think I hear—maybe these are voices in the night, but the fact is that what I see down there, and I am trying to defend New Jersey's needs every day that I am in Washington, whether it is in transit, transportation, or other places, there has to be an examination of State and local participation.

Governor Kean, for instance, indicated, as I saw it, that he might support a tax on wages. Am I correct?

Ms. GLUCK. An emergency transportation tax.

Senator LAUTENBERG. To be used as a steady source of funding for New Jersey Transit.

Ms. GLUCK. It was found unconstitutional, I gather, some years ago. It was to tax the commuter who comes from New York to work in New Jersey. Senator D'Amico seems to feel that times have changed.

Senator LAUTENBERG. Well, the conditions have changed, if not the times.

Ms. GLUCK. Well, conditions.

Senator LAUTENBERG. The fact is that there is an examination that seems to be constant here, looking for ways to do this. And I hear you say that New Jersey's gas taxes are among the lowest in the country, and the questions that arise as we review New Jersey's share of the Federal contribution, the question is asked, well, why doesn't New Jersey do more to help itself?

And I have to in turn pass that question to you.

Ms. GLUCK. OK. Senator, I think you can go back to Washington with a great deal of pride. We do a lot more than most States do when it comes to that. We had gone in and asked, as you know, for a 5-cent increase in the gasoline tax. We wound up with a 2.5-cent increase on the gasoline tax and 2 cents out of the general fund, over a 7-year period.

My opinion is that eventually the State of New Jersey is going to have to face a large shortfall in their capital construction program and they are going to have to deal with it again. I do not think that 7 years—to say that this 4.5 cents that we put on in over 7 years is going to last is a myth, and I think we knew that from the beginning.

And there are going to be hundreds of millions of dollars worth of projects that are going to be sitting there ready to go and we are probably going to have to face it again a year or a year and a half from now. But it took us literally over a year to put together an increase in the transportation trust fund.

I think we stepped up to the plate. We did not get everything we wanted, but I think we stepped up to the plate.

Mr. CRAWFORD. Senator, if I could just add, the other part of it is that we really believe that it is important that New Jersey receive back on a regular basis what you have been able to get for the past 2 years, which is something approaching what we are actually paying in in terms of the percentage back.

Many States have used the moneys from New Jersey to pay for their systems. It is not unrealistic at this point to say that New Jersey ought to be able to use that money for its own systems as we go forward, even if those systems are not traditional highway systems.

Senator LAUTENBERG. We would be bucking a very tough argument from States that do not get anywhere near the return there. And there have been adjustments in the formula to try and capture that.

I think it turns out that if we got 100 cents on our dollar, as did every other state, I think we might be slightly better off, but that the interstate programs, which are now near completion, the support for transit would evaporate in front of our eyes. And, as you know, there is an enormous political consideration out there.

Thank you both very much, and we will submit more questions to you for the record.

CITY OF TRENTON, NJ

STATEMENT OF HON. ARTHUR J. HOLLAND, MAYOR, AND PRESIDENT, U.S. CONFERENCE OF MAYORS

Senator LAUTENBERG. We ask now the Honorable Mayor Arthur J. Holland to join us. Mayor Holland, in addition to being the

mayor of this most important city in our State, is I think—Art, you are still president of the U.S. Conference, are you not?

Mayor HOLLAND. Until June, yes.

Senator LAUTENBERG. Until June, OK. Well, we listen with special interest. So welcome.

Mayor HOLLAND. Good morning. I am Arthur J. Holland, the mayor of Trenton, NJ, and the president of the U.S. Conference of Mayors, and I testify before you today in both capacities.

The U.S. Conference of Mayors has been the voice for the mayors of America's principal cities in Washington since 1932. I am very happy today to join with Commissioner Gluck, and I had hoped that Senator Rand would be here also, but he just could not be here, to present a unified message on behalf of State and local government.

There is a strong need for a continued full partnership commitment on behalf of the Federal Government for transportation.

Mr. Chairman, I must also tell you how pleased I am to be here testifying before your committee. On behalf of both the Conference of Mayors and myself, I thank you for the opportunity to respond to the President's budget. If the past is any indication of your leadership in the funding of transportation, the mayors of both New Jersey and the United States know that their testimony, will not only be heard, but heeded.

Let me say at this point how appreciative I am and the U.S. Conference of Mayors is for your leadership, not only with regard to transportation, but with regard to the urban agenda across the board. I say you are the best friend the cities of America have in the U.S. Senate.

Senator LAUTENBERG. Thank you.

Mayor HOLLAND. While I will limit my comments to those portions of President Reagan's and President Bush's budgets that fall within the jurisdiction of this subcommittee, I have submitted with my prepared remarks a copy of the Conference of Mayors budget analysis. This analysis, prepared by conference staff within 24 hours of each budget's release, was delivered to each Member of Congress.

I will refer often in my testimony to President Reagan's budget, for two reasons. The first is that, other than for aviation and the Coast Guard—and let me say how important the mayors consider that Coast Guard budget. Admiral Yost at our annual meeting in Salt Lake City last June said: "Presumably, the Coast Guard as the first line of interdiction in the war against drugs could not put half of its forces into the battle because of lack of funding."

There are no specific recommendations for transportation programs in the Bush budget. Second, and to comment on a point you made earlier, to take from the Coast Guard to help Amtrak or from Amtrak to help the Coast Guard is not the answer, because both are top priority items.

Second, it is our understanding that OMB Director Darman has indicated that the Reagan budget, unless contradicted by President Bush's budget statement, should be the starting point for negotiation with the Congress. In fact, I believe Secretary Skinner made the same assertion to this committee just last week.

There are three unacceptable eliminations in the two administrations' budgets, not just for Trenton, but for all cities: One, the elimination of the essential air service program; two, the elimination of support for Amtrak; and three, the elimination of general fund support for mass transit.

I note that this testimony on the national level was prepared by our staff, and this next statement I have to modify. The city of Trenton, while blessed with four international airports within 1 hour's drive—well, in the best of weather and under the best of conditions, you cannot make JFK in an hour, or LaGuardia, or even Newark probably.

Senator LAUTENBERG. Only Philadelphia.

Mayor HOLLAND. Right, Philadelphia. But Philadelphia is only about one-half hour on 95, which is a good example of the value of mass transit enabling a central city in this whole region to connect with an international airport outside of Philadelphia.

The city of Trenton, while blessed, as I say, with four international airports, is still most dependent on the Mercer County Airport for business travel, be that the business of the private sector or of State government. The loss of the essential air services program would cause grave disruption, if not cripple the airport's operations.

But it is not just the Mercer County Airport that would be crippled. Those four international airports would be pressed into even greater service, picking up the load that is presently being met by the Mercer County and Northeast Philadelphia Airport, and obviously increasing vehicular traffic.

With gridlock in the sky becoming as prevalent as it is on our city streets, the last thing we should be doing is disinvesting in promising alternatives and representatives of long-term growth.

For much the same reason, this committee must oppose the proposed elimination of support for Amtrak. While the critics argue that we are merely eliminating the funding for running empty trains through the Rockies, what really would be cut are the intercity and commuting options that the people of the Greater Trenton area, which you well know runs from just south of Washington, DC, to just north of Boston, use every day.

That is a staff person in reference to my always including every city in the Greater Trenton area. I of course consider the entire world to be within the Greater Trenton area.

Senator LAUTENBERG. Something about "Trenton makes."

Mayor HOLLAND. Right.

Over 1,000 riders use Amtrak at the Trenton station daily. That is a New Jersey Transit statistic.

Finally, the most egregious and unacceptable portion of the budget's surface transportation budget was the proposal to eliminate, except in the District of Columbia, general tax fund support for mass transit. Such a proposal is not just shortsighted; it is damaging.

The rationale for these massive cuts on the part of both administrations has been that State and local governments need to finance mass transit to a greater extent, which was just being discussed by you and Commissioner Gluck. President Reagan's budget, and most recently Secretary Skinner's, chided State and local governments

for spending just less than 2 percent of their annual operating budgets in support of public transportation.

Were the Federal Government to meet this standard, rather than discussing a $3 billion program, we would be discussing a $20 billion Federal program.

I am, obviously, opposed to such a proposal, but I am opposed not simply because it will mean less Federal funds for my city. I am opposed because of the devastating effect that it will have on individuals in my city, a city not unlike most, which is home to the transportation dependent and is lacking of the wherewithal to cope with any further retreat on the part of the Federal Government.

I am about to give you an astounding statistic: About 11,000 households—that is a third of our city's households—do not have an automobile. With the permission of Camden's mayor, Melvin Primas, I will cite his predicament as illustrative of the predicament most mayors face.

Keep in mind we are the most urban State in the Nation. There is no such study for Trenton, of course, or I would be citing that.

The Delaware Valley Regional Planning Commission recently studied the transportation dependent in the Camden region. The transportation dependent are those persons who, for one reason or another, lack access to an automobile and therefore are more dependent on transit than the general population. The four most prominent of these transportation dependent groups are the elderly, the young, the disabled, and the poor.

These people live throughout the region, but concentrations of each are found in the city of Camden and Trenton. Some 70 percent of Mercer's poverty is in Trenton and we are less than 30 percent of the population. Some 21 percent of Camden's population is between the ages of 10 and 19, old enough to require transportation but too young to own a car. Another 10 percent are over 65 years of age, a group that needs public transportation frequently to shop and to seek medical attention.

The proportion of the population citing the need for public transit due to a disability is twice as great in Camden as in the surrounding area, while 28 percent of the city population's annual income is below the poverty level. This 28 percent compares to a regional level of 8.5 percent.

The median household income in Camden is $10,000 per year, one-half that of the region.

What I say about Camden in greater or lesser degree can be said in descending order about Newark, Jersey City, Paterson, Elizabeth, Trenton, Asbury Park, Union City, Perth Amboy, New Brunswick, some two dozen roughly of old central cities in which the population of the second richest state in the Nation on a per-capita-income basis is clustered, is concentrated.

The transportation dependent do not have destinations that are different from the nondependent. Most riders are commuting to jobs.

Although cities like Camden and Trenton provide many jobs, and we hope more in the future, many recently created jobs are located in outlying areas, attainable only through public transit. One need only look at our Riverview development here in Trenton to see the

role transit will have to play, bringing workers from the residential area of our city to the commercial district.

That is overemphasized in this. I think we are more concerned about the heart of the city, the heart of the central business district. But I can see a shuttle role until the area between that development on the river and the heart of the city builds.

Finally, reverse commuters traveling out to the suburbs are helping transit operators by filling what had historically been empty outbound morning buses and trains. That is a point that Jim Crawford made.

In Washington today, the buzzword is competitiveness: What must this country do to regain its position of prominence in the world market? Mayors too want Congress to answer this question, because in our cities, the engines of the Nation's economy, the national trends in unemployment and bankruptcies are seen in very human terms. Without transit, America's cities will sputter to a halt, choked by congestion and pollution.

Mass transit investment is the best investment we can make. Here we are concerned as a matter of national policy with curbing pollution, with conserving energy, with reducing congestion in traffic. Mass transit is the answer in large part to all three of those problems.

We need an alternative to parking lots and garages and increased downtown traffic. Future growth in jobs depends on greater use of mass transit. In Trenton at this time, only 9 percent of downtown workers use mass transit.

Local government has made many commitments to the Congress in the past, and we have kept these to the best of our abilities, despite some hard times. We have accepted more than our fair share of cuts in Federal grants in the name of deficit reduction, only to see the deficit rise. That has been the unkindest cut, I think, of all over the last 8 years.

For some reason, the administration at the national level gave the impression, and people seemed to accept it, that this tremendous growth in the deficit was due to social programs, when housing, for example, was cut by 80 percent, the military went up by 66 percent. And somehow we were blamed, and still are.

We have accepted the responsibility of protecting the Nation's water by means of constructing and investing billions of dollars in municipal wastewater treatment plants, only to see the Federal share of the program cut and now slated for elimination.

This year we are faced with our past commitment to protect the Nation's air, and mayors are committed to doing their best to attain ambient air quality. Do not withdraw the most economical means we have to achieve clean air, support for mass transit.

And finally, and Commissioner Gluck alluded to this, if the battles over the Surface Transportation Act of 1987 are to have any meaning, if the commitment of the Surface Transportation Act of 1982 and its designation of the transit penny is to have any meaning, this committee must fight to hold the members of both the Budget and Appropriations Committees to the funding commitments made to surface transportation.

[The statement of Mayor Holland follows:]

STATEMENT OF MAYOR ARTHUR J. HOLLAND

Good morning Mr. Chairman, I am Arthur J. Holland; the Mayor of Trenton, New Jersey and the president of the United States Conference of Mayors. I testify before you today in both capacities.

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I will refer often in my testimony to President Reagan's budget, for two reasons. The first is that other than for aviation and the Coast Guard, there are no specific recommendations for transportation programs in the Bush budget. Secondly, it is our understanding that OMB Director Darman has indicated that the Reagan budget, unless contradicted in President Bush's budget statement, should be the starting point for negotiation with the Congress. In fact, I believe that Secretary Skinner made that same assertion to this committee just last week.

THREE UNACCEPTABLE CUTS

There are three unacceptable eliminations in the two administrations' budgets, not just for Trenton, but all cities: (1) the elimination of the Essential Air Service Program, (2) the elimination of support for Amtrak, and (3) the elimination of general fund support for mass transit.

The city of Trenton, while blessed with four international airports within one hour's drive, is still most dependent on the Mercer County Airport for business travel, be that the business of the private sector or of state government. The loss of the Essential Air Services Program would cause grave disruption if not cripple, the airport's operations.

But it is not just the Mercer County Airport that would be crippled. Those four international airports I mentioned would be pressed into even greater service, picking up the load that is presently being met by the Mercer County and Northeast Philadelphia Airport. With gridlock in the sky becoming as prevalent as it is on our city streets, the last thing we should be doing is disinvesting in promising alternatives and representatives of long term growth.

For much the same reason, this committee must oppose the proposed elimination of support for Amtrak. While the critics argue that we are merely eliminating the funding for running empty trains through the Rockies, what really would be cut are the intercity commuting options that people of the greater Trenton area, which you well know runs from just south of Washington, D.C. to just north of Boston, use everyday.

Finally, the most egregious and unacceptable portion of the budget's surface transportation budget was the proposal to eliminate, except in the District of Columbia, general tax fund support for mass transit. Such a proposal is not just shortsighted; it is damaging.

The rationale for these massive cuts on the part of both administrations has been that state and local governments need to finance mass transit to a greater extent. President Reagan's budget—and most recently, Secretary Skinner's—chided state and local governments for spending just less than two percent of their annual operating budgets in support of public transportation. Were the Federal Government to meet this standard, rather than discussing a 3 billion dollar program, we would be discussing a 20 billion dollar Federal program.

I am obviously opposed to such a proposal. But I am opposed not simply because it will mean less Federal funds for my city. I am opposed because of the devastating effect that it will have on individuals in my city, a city not unlike most, which is home to the "transportation dependent" and lacking of the wherewithal to cope with any further retreat on the part of the Federal Government. With the permis-

sion of Camden's Mayor Melvin Primas, I'll cite his predicament as illustrative of the predicament most mayors face.

PUBLIC TRANSIT AND THE DISADVANTAGED

The Delaware Valley Regional Planning Commission recently studied the "transportation-dependent" in the Camden region. The transportation-dependent are those persons who for one reason or another lack access to an automobile, and are therefore more dependent on transit than the general population. The four most prominent of these transportation-dependent groups are the elderly, the young, the disabled and the poor. These people live throughout the region but concentrations of each are found in the city of Camden. Twenty-one percent of Camden's population is between the ages of 10 and 19, old enough to require transportation but too young to own a car. Another 10 percent are over 65 years of age, a group that needs public transit frequently to shop and to seek medical attention.

The proportion of the population citing the need for public transit due to a disability is twice as great in Camden as in the surrounding area, while 28 percent of the city population's annual income is below the poverty line. This 28 percent compares to a regional level of 8½ percent. The median household income in Camden is $10,000 per year, one half that of the region.

The transportation-dependent do not have destinations that are different from the non-dependent. Most riders are commuting to jobs. Although cities like Camden and Trenton provide many jobs—and, we hope, more in the future—many recently-created jobs are located in outlying areas, attainable only through public transit. One need only look at our Riverview development here in Trenton to see the role transit will have to play, bringing workers from the residential area of our city to the commercial district.

Finally, "reverse commuters" travelling out to the suburbs are helping transit operators by filling what had historically been empty outbound morning busses and trains.

COMPETITIVENESS

In Washington today, the buzz word is competitiveness: What must this country do to regain its position of prominence in the world market? Mayors, too, want Congress to answer this question, because in our cities, the engines of the Nation's economy, the national trends in unemployment and bankruptcies are seen in very human terms. Without transit, America's cities will sputter to a halt, choked by congestion and pollution.

In Trenton, we are looking forward with great anticipation to the opening of the Riverview. It will serve as the cornerstone of our waterfront development and provide a major infusion of new dollars, jobs and civic pride for Trenton. However, without affordable mass transit to bring workers and visitors from downtown Trenton, as well as from the surrounding communities, the full benefit of the Riverview will never be realized.

LIVING UP TO COMMITMENTS

Local government has made many commitments to the Congress in the past, and we have kept these to the best of our abilities, despite some hard times. We have accepted more than our fair share of cuts in Federal grants in the name of deficit reduction, only to see the deficit rise. We have accepted the responsibility of protecting the Nation's water by means of constructing and investing billions of dollars in municipal wastewater treatment plants only to see the Federal share of the funding for the program cut and now slated for elimination. This year we are faced with our past commitment to protect the Nation's air, and mayors are committed to doing their best to attain ambient air quality. Do not withdraw the most economical means we have to achieve clean air: support for mass transit.

Finally, if the battles over the Surface Transportation Act of 1987 are to have any meaning, if the commitment of the Surface Transportation Act of 1982 and its designation of the transit penny is to have any meaning, this committee must fight to hold the members of both the budget and appropriation committees to the funding commitments made to surface transportation.

Senator LAUTENBERG. Thank you very much, Mayor, and I appreciate the comment made about my support for the urban centers. I take that responsibility very seriously and pride myself on the fact that I am out there waging a battle, not always as successful as we

would like it to be, but much more successful than it might have been had we not put out the effort and been joined by others.

And it does not hurt New Jersey to have me as the chairman of the Transportation Subcommittee, because that subcommittee has members from Oklahoma and New Mexico and Iowa, two members from Iowa, one Democrat, one Republican—they are really ganging up on us there—and each one looking at essential rail service and rural rail service, and beyond that think that we ought to be cutting back on much of the transit support that we have.

So we continue to wage that fight. We are not going to let up. And again, I thank you for not only your comments, but your own responsible leadership, for your own community and for the urban centers across this country. Art, it has been very valuable, and I know at times the battle gets frustrating, but that is what makes it more worthwhile to fight.

Mayor HOLLAND. We are not only appreciative, we are proud, I am as a Trentonian and as a New Jersey person, of your leadership.

Senator LAUTENBERG. Well, thank you. And you have my pledge that we are going to continue to fight.

And let it not be misunderstood. My questions to Commissioner Gluck and her assistant there were designed to make sure that New Jersey has a full understanding of what is going on in Washington.

We are going to fight the battle, but this is not a battle that can be won on one front. We need the help of the Governor, with his contacts in Washington, and we need to understand that we cannot constantly talk about cutting spending programs and select out the ones that we want to be increased and expect to succeed. It just does not happen.

Mayor HOLLAND. Well, I for one would have no problem with a fare increase, when you realize that you can go to New York City from Trenton on New Jersey Transit for $5.50, and a round trip costs 25 percent less. I mean, really, on Amtrak it is $36 round trip.

So New Jersey Transit as it is is a tremendous bargain.

Senator LAUTENBERG. Well, we have to make sure that investments are made in the system. Suddenly not just the country, but the world is aware of the penalty we are paying for neglect of the environment. And we ought to, frankly, be investing in this country in high speed rail, in more efficient, safer rail service, more convenient rail service.

My gosh, we could improve the ridership, we could improve the environment, and we could improve the economy in these communities.

Mayor HOLLAND. There is one thing I should say for the record probably, because I am in conflict and biased to some extent. You see, I am the son of a railroader.

Senator LAUTENBERG. Is that right?

Mayor HOLLAND. I grew up loving the railroads and still do. I think it is still a great way to travel when you can.

Senator LAUTENBERG. Well, I was the son of a silk worker, but I still like railroads and I think that they are an asset.

Mayor, a few questions very quickly. Your role as the president of the Conference of Mayors is a very important one, and the previ-

ous administration has characterized transit subsidies as a middle class subsidy. Do you agree with that statement?

Mayor HOLLAND. No; I do not. As I indicated, I see transit subsidies as an investment in making it possible for other than middle class, especially, as I said, the transportation dependent, mass transit dependent people, to get around.

Take between Trenton and Princeton, for example. I mentioned that one-third of our households have no automobiles. But a lot of our people, especially with the growth in the U.S. 1 corridor, are working in restaurants, hotels, as domestics still; and they depend on either the bus or the train.

Senator LAUTENBERG. To get them there. Well, the reason I asked for a refocus on that is I heard you saying it in your testimony, but I wanted to be sure.

There is this mythology that they like to perpetuate down there that what it is is the Amtrak club car taking its wealthy riders back and forth.

Mayor HOLLAND. One of the arguments is, well, sure, that may be so, but how do you justify a bus or a rail car having a handful of passengers? When you get to what is cost efficient, think of what it would cost society to support people who would not otherwise be able to be self-employed.

Senator LAUTENBERG. Well, is it a coincidence, the fact that in the State of New Jersey—and you have reeled off a whole bunch of communities, including New Brunswick and Elizabeth and others—that the fact that these urban centers are along that transit spine is more than a coincidence.

I mean, people gathered there because of access in days past. Where I grew up in Paterson, the jobs were nearby. You could walk to work. It is surprising to hear, because we kind of look at this thing through rose-colored glasses, that one-third of the people in your community, 11,000 households, are without cars. It is surprising.

Mayor HOLLAND. I was shocked.

Senator LAUTENBERG. I will tell you something else, that in Camden, NJ, an important population center in this State, out of 24,000 households, 300 have incomes of over $30,000, 300 out of 24,000.

Well, how many of those people do you think have automobiles of that population? They do not. They are very dependent. They are almost prisoners of the community, without employment, if they have no way of getting back and forth.

Mayor HOLLAND. Well, a woman came to me some years ago. She said there was a job in Hightstown that she was applying for and was qualified for. It was a relatively minor position, but she could not get there because of the schedule of mass transit.

Senator LAUTENBERG. Mayor, Secretary Skinner has indicated in his early public meetings and private meetings with me as well—we have been trying to move him more to our point of view—he is one who takes a rather dim view of Federal support for transportation, transit systems. He served as chairman of the Chicago Northwest Transit System and I thought he would come with a little more understanding. But he keeps saying that the States have to do more, the communities have to do more.

I just wonder whether you can understand that view in terms of the burden on your community and the State, since this is the State capital. What do you think of that, about the States and cities having to do more for the transportation infrastructure?

Mayor HOLLAND. Well, I do believe that States and cities must do more to provide support for transit services, and actually they are. I am speaking nationally in this instance. While not an exhaustive list, specific examples of increased support for transit may be seen in Arizona, northern Virginia, California, and Colorado, where both local income and sales taxes are being devoted to mobility programs.

Currently, State and local support for mass transit is second only to the farebox in supporting the operations assistance. A great harm will be done to the program nationally, however, if the increase of support at the State and local level does nothing more than offset the cuts at the national level.

That is why I spoke as I did a few minutes ago about our need. The fatal flaw in the Reagan federalism was that it assumed a stronger role on the part of the States, and of course the States, instead of moving in to assume that role, passed the Federal cuts on to municipalities, which could be absorbed in developing communities, but not in the old central cities such as ours.

Senator LAUTENBERG. But you know what happens. The reverse is also true. As the Federal support increased, there was an inclination in the communities and in the States to hold back on theirs. And this requires assistance from both sources. I mean, the investment in transportation infrastructure is a crucial one for our country's continued development, State by State, community by community. And I predict, other than a major environmental problem and assuming that we have some kind of continuation of growth or strength in the economy, that transportation is going to be the problem of perhaps the next decades, because we are getting too crowded, we are too congested, too polluted.

We are just going to have to invest in other ways to get things done. We cannot afford to have all those cars sitting out on the highway with the engines running and the pollution coming and the time lost.

Mayor HOLLAND. Senator, one of the reasons the Trenton Commons, the closed-off central part of the city, is there is because 10 years ago the most polluted spot in the State of New Jersey was right there, that narrow Main-State Street, and gridlocked. That is one of the reasons we cut off traffic.

So obviously, one bus replaces 40 automobiles. So if we could have mass transit taking people from their origin to their destination, we would not have that kind of pollution.

The State of New Jersey has recently paved an area up around Perry Street and U.S. 1, from which they shuttle State employees, not only to the Division of Motor Vehicles, but to other offices. That is what needs to be done.

Senator LAUTENBERG. Is Trenton one of the cities that has a problem meeting the Federal clean air standards?

Mayor HOLLAND. We are OK in that regard at the present time. But let me take a look at nationally on that. Trenton is in an air quality region that is currently nonattainment for both carbon di-

oxide and ozone. The need for us to maintain and, if anything, increase the use of transit is clear, especially, as I have indicated, in light of the ever-increasing number of urban vehicle miles being traveled each year.

Moreover, Trenton finds itself in the middle of the largest ozone transport region in the country. If mass transit were to be eliminated, depending upon the direction of the wind, Trenton would suffer not only from its own increased auto fumes, but also from those of the Philadelphia and New York areas.

I was surprised some years ago to find that there was an air pollution problem in Colorado Springs.

Senator LAUTENBERG. It is all over. Some of the most beautiful cities in the country, those located near the mountaintops, like Denver, Salt Lake, they are plagued with an enormous pollution problem. And of course Los Angeles has earned the reputation of pollution capital of the world.

Mayor HOLLAND. There, ironically, to some extent apparently it is due to a lot of air travel there.

Senator LAUTENBERG. Well, there is all kinds of problems. It does not necessarily have to be due to contributions made by carbon monoxide.

Thank you very much, Mayor. We will reserve the right to submit any additional questions.

Mayor HOLLAND. Thank you, Senator.

Senator LAUTENBERG. We appreciate your cooperation and support. Thank you.

ASSOCIATED CONTRACTORS OF NEW JERSEY

STATEMENT OF DONALD R. WATERS, PRESIDENT, BOARD OF TRUSTEES

Senator LAUTENBERG. Mr. Don Waters and Mr. Phil Beachem, we ask you to come forward now. Good morning, gentlemen. I am sorry we have again taken so long to get to you, but we will blame some of it on the weather. The transportation system, mass transit system, worked very well, and the trains.

But I would ask you, if you would, to summarize your testimony. We have the full text of your remarks and that will be in the record. I would ask first, Mr. Waters, if you would make your comments, and then Mr. Beachem.

Mr. WATERS. Good morning, gentlemen. I am Donald Waters, president of the Associated General Contractors of New Jersey.

The AGC of New Jersey is the heavy/highway chapter of the AGC of America in this State. We are composed of more than 100 contractors who build highways, bridges, tunnels, and railroads to carry New Jersey residents and out-of-State residents to their jobs and other destinations. We therefore have a vital interest in future funding sources for these projects.

Likewise, New Jersey and its residents have a great stake in the future of adequate funding. For it has been proven time and time again that as this State's transportation system goes, so goes its economy. Governor Kean himself has pointed out many times that a first-class mass transportation system is a prerequisite to attracting business and the jobs they generate to this State.

He was proven right. Witness the economic resurgence of New Jersey since the enactment of the transportation trust funds in 1984 and 1988.

The State legislature and Governor Kean enacted an increase in the gasoline tax last year to renew the trust fund. But the 2.5 cents per gallon this law started generating last July is below the minimum needed not only to build new roads, but to maintain and upgrade our present ones and to rebuild our aging infrastructure.

As you know, the State Planning Commission has adopted a preliminary State plan which calls for a virtual halt to development in rural areas and a rebuilding of our cities. Without disputing the wisdom of the no-growth philosophy on which this plan is based, we underscore the fact that even its overall objective depends upon excellent access roads for private and commercial vehicles and, most of all, a significant investment in the construction and reconstruction of our infrastructure. Without this commitment, the plan will fail.

Mine is not a self-serving statement, gentlemen. Facts compiled by no less an authority than the U.S. Department of Commerce's Bureau of Economic Analysis show that:

One, for each dollar spent on new construction in New Jersey, we generate a total of $2.36 in economic activity in the State's industries;

Two, each additional $1 million spent on new construction in New Jersey creates 38.1 jobs;

Three, each $1 million spent on maintenance and repair construction creates 42.8 new jobs;

Fourth, finally, for each $100 of new construction, $77 is paid out in wages to households in the State, both in construction and other industries. The ratio is $87 for maintenance and repair construction.

This very high ratio gives New Jersey a good tax base and a higher payback in terms of retail spending and other consumer-based industries in the State.

Gentlemen, I could take more time and give more figures to back up my statement, but I think you get the picture. This is no time to cut back on vital programs to rebuild our infrastructure and to maintain our roads and bridges. The very future of our State and our Nation depends upon it.

Thank you.

Senator LAUTENBERG. Thank you very much.

Mr. Beachem, we ask you to give your statement now.

NEW JERSEY ALLIANCE FOR ACTION

STATEMENT OF PHILIP K. BEACHEM, VICE PRESIDENT

Mr. BEACHEM. Thank you, Senator. The Alliance for Action is a unique statewide coalition of some 500 business, industry, labor, professional, and academic organizations. Our commitment is to improve the quality of life of the people of New Jersey.

Our specialty is in the area of infrastructure issues. There are few areas that impact as directly on the quality of life than the critical need for a balanced, efficient, and safe transportation system. To remain economically competitive with other States and

regions, New Jersey must have a viable network of both roads and highways and mass transit services.

The importance that the people of New Jersey place on a good transportation system was demonstrated overwhelmingly by a Gallup Poll commissioned recently by the Alliance for Action. Eighty percent of New Jersey residents said that roads and highways are very important to New Jersey's future economic growth, and 78 percent responded affirmatively when asked the same question about the importance of trains and buses.

In a subsequent poll, Senator, I might add it was also determined that the overwhelming majority of residents would support an increase in gasoline taxes if they were sure that those moneys would be dedicated——

Senator LAUTENBERG. What is the overwhelming majority?

Mr. BEACHEM. Approximately 76 percent of the people polled in that poll.

Senator LAUTENBERG. Said? Repeat it, please.

Mr. BEACHEM. That they would support an increase in the State's gasoline motor vehicle taxes if they were sure that it was dedicated to transportation projects.

Senator LAUTENBERG. When was that poll?

Mr. BEACHEM. I believe it was done approximately within the last year. I would be happy to send you a copy of that.

New Jersey's central position in the Boston-Washington corridor has always focused attention on its transportation system. Despite its small size, New Jersey has nearly 34,000 miles of roads and almost 6,000 bridges. Our State has the largest number of registered vehicles per mile of road.

New Jersey Transit, the New Jersey statewide public transportation agency, was created in 1979 and already has become one of the Nation's largest public transit providers, serving more than 300,000 bus and train riders daily.

With the costs of road and bridge work rapidly escalating and highway and transit needs rising, the funding of critically needed transportation improvements becomes an issue of paramount importance to New Jersey. That is why the proposed Federal budget for fiscal 1990 has triggered strong concerns throughout the State.

The overall national transit program would be reduced from the fiscal year 1989 level of $3.3 billion by 52 percent to $1.5 billion. New Jersey's share would be cut almost in half.

The proposed budget would substantially reduce proposed Federal funding for Amtrak and eliminate the Northeast Corridor Improvement Program. Both of these programs significantly benefit New Jersey's railway capabilities.

Operating assistance would all but be eliminated and the local match requirement for formula capital grants would be increased from 20 to 50 percent. These would be most serious cuts in a State where 300,000 people depend on bus and rail transportation daily and where we hope to increase the use of mass transit to relieve the strangling traffic pressure.

The proposed budget would also adversely affect Federal aid for highways in New Jersey by reducing the fiscal 1989 level of $272 million by 6 percent. These cuts too would also create serious problems in a State such as New Jersey where infrastructure improve-

ments have been hard-pressed to keep pace with burgeoning development.

Nowhere is this problem more vividly evident than in New Jersey's so-called Gold Coast, and I am happy to see that you will be having testimony on that. The need for road improvements and mass transit to serve the residents and businesses of this phenomenal growth area is critical for the future.

The alliance is also deeply disturbed by the current efforts to increase the motor vehicle fuels tax for the purpose of deficit reduction. This effort, if successful, in our view would be counterproductive and detrimental to both the Nation and to New Jersey.

For all these reasons, the Alliance for Action today expresses its deep concern over the negative impact the proposed Federal budget would have on New Jersey's vital system of highway and public transportation.

Thank you for the opportunity.

Senator LAUTENBERG. Thank you both for your testimony.

Mr. Beachem, just so that the record reflects it, the New Jersey Alliance for Action has its membership drawn from what source?

Mr. BEACHEM. We have approximately 500 members who come from corporate, labor organizations, educational institutions, and county and municipal governments.

Senator LAUTENBERG. Their mission is?

Mr. BEACHEM. Our mission is to improve the quality of life by advocating the improvement of different projects in New Jersey, by cutting redtape where we think it is necessary, by justifying in terms of projects that we think will overall benefit New Jersey.

We primarily focus in the area of infrastructure issues, sewer and water.

Senator LAUTENBERG. You are not an environmental group per se?

Mr. BEACHEM. No; we would not be classified as an environmental group.

Senator LAUTENBERG. So your focus is on the economic side?

Mr. BEACHEM. That is correct.

Senator LAUTENBERG. And you described, I think the term you used was, quality of life. Again because I assume that really addresses itself to the economic issues in New Jersey, so when you advocate investments in transit is that a position that has been held by the alliance for a long time?

Mr. BEACHEM. That is correct.

Senator LAUTENBERG. Is it fair to say that some years ago the focus was more directed toward, let us say, highway construction?

Mr. BEACHEM. I would say that is a fair statement.

Senator LAUTENBERG. So that in your evaluation process, you have now come to the view that, in addition to good highway access, that we have to continue to shore up and support transportation, balanced transportation, rail, bus, et cetera?

Mr. BEACHEM. Right. We think that they are equally important, Senator. There are a number of highway projects that we think need to be addressed, particularly the completion of the remaining links on the interstates.

So I do support those construction projects.

Senator LAUTENBERG. I understand that. But you are not saying that the only way to handle our growth in the future is just not to have a balanced transportation?

Mr. BEACHEM. We think a balanced system is the way to go.

Senator LAUTENBERG. Mr. Waters, you made the case very well about what happens when we invest in construction in terms of the economy of the State, jobs, the revenue, produced, et cetera, and I think the case is well made.

Do you support the continued investment in transit systems?

Mr. WATERS. Most definitely.

Senator LAUTENBERG. And your colleagues in your association are people who build primarily highways, or just general construction?

Mr. WATERS. We construct highways. There are quite a few members involved in railroad construction, terminals, and tunnels, in this sort of construction. What we need to do is get more money into our gasoline tax to keep the maintenance of our infrastructure being renewed.

We are falling behind, basically, every day. We see a need in the future for as much as a 7.5 cents increase in the next 10 years. And that is not taking——

Senator LAUTENBERG. In the State gasoline tax?

Mr. WATERS. In State gasoline taxes, in the next 10 years.

We, our members in the construction industry are about 50,000 during the construction season, and this generates a lot of income for the State, and we have a big job to do and we must not give up on it. We need the Federal Government involved.

There are not too much goods that pass from Boston to New York, to Philadelphia or Washington, the Baltimore area, that do not go through New Jersey. We have many miles of—we have very short miles, but a lot of structures.

And these structures as they deteriorate are going to take vast sums of money to renew and to rebuild.

Senator LAUTENBERG. A lot of punishment on our roads and bridges.

Mr. WATERS. Most definitely.

Senator LAUTENBERG. All of us who know New Jersey well resent so much the original characterization, I think it was perhaps by Benjamin Franklin, that New Jersey was like a barrel with a tap on both ends, something similar to that.

The fact is we do not like to consider ourselves a transit stop between New York and Washington and Washington and Boston. We are much more than that—the second highest per capita income among States in the country, and a quality of life and a quality of people that we think is unique.

And we have to work very hard because of our densely populated condition to preserve that. And what I have seen happening is people from all areas—labor, business, citizens of the State generally—have come to the conclusion that we have got to reinvest, maintain the investment in our transportation and our infrastructure. Otherwise, we are going to be in deep trouble.

Mr. Waters, how many people did you say are employed by the members of your association?

Mr. WATERS. 50,000.

Senator LAUTENBERG. 50,000.

Mr. WATERS. There is a number—that is just for the contractors association around the State, and there is many more thousands that are employed by the people who service, the suppliers and service industries around us.

So it adds up to a vast number of people.

Senator LAUTENBERG. Where are they generally employed?

Mr. WATERS. In every county of the State, plus into Pennsylvania and into New York itself. There are a few of our contractor members who are national contractors and who work elsewhere in the United States.

Senator LAUTENBERG. And how sensitive is your membership employment to, let us say, State contracts?

Mr. WATERS. Very sensitive. Our membership does half the work that the DOT, the port authority, and the other transportation boards put out in a given year. So if these funds for transportation are cut, we are going to feel it right away and there is going to be a fairly large-scale unemployment rate jump in New Jersey.

Senator LAUTENBERG. But once again, as you indicated in your testimony and the subsequent remarks, you are not talking about something that just keeps the construction people working or the contractors. You are talking about its effect on the total economy.

Mr. WATERS. The total economy of the State. It is very integrated and one hand feeds the other. We need a strong Federal presence here in New Jersey, as well as a dedicated State tax to the support of transportation systems.

Senator LAUTENBERG. I am sorry that I did not ask the Commissioner before, but I would ask you the question since both of you represent a business constituency, whether or not you have seen any diminution of interest in companies locating in the State of New Jersey, because people are concerned about congestion, about the ability to get staff back and forth to work.

Have you heard anything about that at all?

Mr. BEACHEM. Senator, I think that we are starting to hear it. I do not think up until this point.

Senator LAUTENBERG. We know there is one question, there is the labor shortage. That is one problem, but that is not unique to New Jersey.

Mr. BEACHEM. We have heard that particular issue for some time now.

Senator LAUTENBERG. Right.

Mr. BEACHEM. But I think we are just starting to hear the rumblings of corporations looking very seriously at the question of gridlock and the ability of their employees to commute to work.

The interesting thing is that a great number of New Jersey employees are now residing in Pennsylvania, and it is causing a lot of traffic problems on the Route 1 corridor. I think it is starting to become an issue and will get worse as time goes on.

Mr. WATERS. I will comment on that also, the labor problem. A couple of years ago we were addressing it through our Project Build, which is a consortium of labor unions and management, and we are working with training programs with the unions to develop the skilled laborers necessary to keep on the work that is already started in New Jersey and going on into the future.

And again, as Phil said, I would say about this time last year we started to hear of problems: Well, I do not know if I am going to be able to get on and off the highway, how am I going to be able to get my people to work? Problems crop up about moving into New Jersey with a business.

Senator LAUTENBERG. I have heard the same thing. I have got to tell you, you know, I came out of the corporate world and I talk to people in the business world all the time, and I have heard people say, who were ready to move to New Jersey from, let us say, New York City, where a lot of our growth came from, saying: Well, OK, you know, New York has got its problems, but at least people get to work; they can hop on a subway or get a bus or what have you. And if I move out to New Jersey, where the employment market is tight to begin with—plus my senior people, people who do have a lot more mobility in terms of jobs and work opportunities, are saying, well, I want to live in a place that has a certain ambience, quality to live in, whether it is not to sit on the highway, whether it is to breathe pure air.

Now, all of us think New Jersey is an ideal place, but it is not going to maintain its position unless we all work hard to see that that happens.

The amount of spending I think, Mr. Waters, you said, but I just want to confirm it. The amount of spending for highways and transit projects addresses only a minimal need and not the expansion requirement that we have or the improvement requirement.

Mr. WATERS. This is so. We originally proposed a 10 cent gasoline tax. We were only able to get through a 2.5 cent gasoline tax.

We were originally looking for a rollover of 5 cents and 5 cents, only to pay for the funds that were already committed in transportation trust fund one. This only takes care of or is beginning to take care of our maintenance needs, because there were so many years during the seventies when there was no work done on our infrastructure whatsoever.

So we are playing catchup. We are behind the eight ball on the thing, and if we are going to do major safety improvements, whether it be on Route 1 with the overpasses or possibly adding a lane, or finishing Route 80 or those kind of things, we are going to need more money by the end of the 1990's to complete this work.

Senator LAUTENBERG. Since I spend a lot of time on New Jersey's transportation system, in the last election there was a question about a Rhodes scholar or a scholar of New Jersey's roads. I am a scholar of New Jersey's roads.

I ride Route 80, Route 21, Route 4, Route 46—you name it—and I am shocked by what I see on the new highways, how rapidly they deteriorate. I mean, if you look at Route 80, it is becoming as bad as some of New York's city streets, the holes all over the place.

As an aside from this, Mr. Waters, I do not know whether the materials that were used were the best. I am not talking about shortcuts. I am talking about specs maybe for what went into those highways.

Do you know whether or not there was any fair estimate of what kind of use might be taking place? Were we shortsighted in that, or were we surprised to learn that the materials used did not hold up?

I mean, to me it seems like these holes and the deterioration of the road bed seem to be occurring very, very rapidly.

Mr. WATERS. There might have been a problem back in the sixties with some of the design factors at that time, but I think that has been greatly rectified. I think what you are looking at is the total usage of these roads as a constant, constant, constant.

And you do have the freeze-thaw, the freeze-thaw, the freeze-thaw. Look at the weather in New Jersey in the last 3 months. We have been 60, we have been down to 20 two days later. And you have, as today, there is a lot of salt being spread out on the roads, and I do not care what you put salt on, it is going to eat them up and there is no way you are going to get away from it.

And I think one of the biggest mistakes probably was the lack of completing 95 through Hopewell back when it should have been done. I think it would have been a great asset to the State at this time.

Senator LAUTENBERG. It is really funny that when we build a new highway to make travel easier, because people are forced by cost of housing to move out further and further away, as soon as the highway opens up, whether it is 78 of recent vintage or 80 of a little older time, development takes place immediately, because there is such a hunger out there for people to find places to live.

These things are almost obsolete from the moment they start, which says to me that we have to extend in some way our rail service, et cetera, because there are lots of communities in the State who would love to have sensible development, that do not want highways and congestion and all that, and we have to find innovative ways to make rail service available.

I just want to ask you this one last question, Mr. Waters. There has been a lot written about infrastructure in this country, and you have seen that infrastructure report. What was it, $40 billion a year they felt that we had to invest to keep up with our needs.

With this decline in investment in infrastructure nationally, how would you, Mr. Waters, rate New Jersey on keeping up with its share of infrastructure needs?

Mr. WATERS. The present administration and Commissioner Gluck have done an extremely good job in recent years compared to years gone by, and I give them an A in that.

The problem that they have, as Commissioner Gluck pointed out, we have hundreds of millions of dollars worth of projects waiting over here to go, but you need the funding to support those.

Infrastructure is a word out there, and it was dealt with very well by "60 Minutes" 2 weeks ago, and they showed you the city with the holes. And a lot of us do not realize what is underneath these roads that need to be repaired, whether it be here in the city or the highways that we travel.

A lot of times all they know is there is a pothole. They do not know what is underneath there. So there is a lot out there that has to be done, and we have the people, I think we have the ability to work. All we need is the support and companionship of the Federal Government and the State government and we can do it.

Senator LAUTENBERG. You asked for 7.5 cents more on the gas tax. Each penny, I am told, yields about $45 million. Does that square with your arithmetic? And therefore you are looking for

about, let us say, $300 million a year more to be invested in the needs. Does that square?

Mr. WATERS. Yes, Senator.

Senator LAUTENBERG. I have a hunch—I happened to drive into New York City over the weekend, Madison Avenue. And I swear it is a conspiracy between the automobile manufacturers and the city of New York, because your car gets destroyed in about three blocks of city traffic.

But we thank you very much for your testimony.

Mr. BEACHEM. Senator.

Senator LAUTENBERG. Yes?

Mr. BEACHEM. Just one further comment. In sitting here today, the Alliance, of course, works on a lot of different types of infrastructure issues, and we were very privileged last Thursday night to sit down with Congressman Rowe on some water-related and channel projects.

The thought occurred to me while I was sitting here that the H.R. 6 bill might be a good prototype, without giving it a lot of thought, in terms of the way it is structured for non-Federal sponsor.

Senator LAUTENBERG. Water resources, yes.

Mr. BEACHEM. But it basically says that the states have to determine their own priorities in terms of projects and then come up with a non-Federal sponsor. I think that, given the thrust of today's environment, that might be something you might want to take a look at.

Senator LAUTENBERG. Well, I think the States have to make those decisions as to where they put the money. As you can imagine, we are besieged with regional interests within the State and each one of them legitimate. The question is, how do you prioritize these things.

But as you heard me say before, and I repeat it, States, not just New Jersey, but all the States, are going to have to take a bigger share of the responsibility. And where there is the kind of usage and density of population that we have, New Jersey is going to have to share it.

I am going to continue to fight for the Federal dollars. But if the pot is small it is very hard to get more than a teaspoon or two out of it.

Thanks very much.

You are going to give us that poll.

[The information follows:]

A SURVEY OF NEW JERSEYANS' OPINIONS ABOUT TRANSPORTATION GROWTH AND DEVELOPMENT

B. *Transportation base and mechanism of funding*

This section examines New Jerseyans' opinions on various questions related to transportation funding. This includes the nature of base support and public willingness to accept a variety of costs to see additional revenue directed toward transportation projects.

Most state residents see transportation as a public good, and recognize the importance of stable funding to a well planned system. These sentiments are reflected in the statewide division of opinion in favor of tapping revenue from general funds rather than user fees to pay for improvements in public transportation and roads, and in the majority support for a long term base of funding for transportation projects. Because respondents were presented with information in the body of the

survey question it is important to pay particular attention to the specific wordings involved. These, along with the response percentages, are presented below.

Some people say that if additional money is needed to improve roads and public transportation it should come from those who use the system, through tolls or other fees. Others say that funds should come from the general taxes that all citizens pay, since everyone benefits from a good transportation system.

Which do you think is more fair—user fees or general funds?

	Percent
User fees	37
General funds	56
Both, equal, depends	4
Don't know	3
Total	100

Because transportation projects take a long time to plan and complete, some people think funding in this area should be committed on a long term basis. Others think transportation should be considered along with all other parts of the state budget every year. Which do you favor—a *long,* or *short* term base of funding

	Percent
Long	59
Short	34
Depends/both	2
Don't know	5
Total	100

The survey also asked respondents about the transportation trust fund and increasing the amount of funds dedicated to transportation from the gas tax. State action in the interim has made these results moot. While there is no need for extensive analysis, the basic findings on these questions were as follows:

—New Jerseyans were strongly supportive of the transportation trust fund. They voiced approval of this program by a margin of 83 to 14 percent, with 3 percent undecided.

—When told that the state tax on gasoline was 8 cents a gallon, with 2 and one-half cents being dedicated to transportation and the rest going to the general treasury, a majority (52 percent) said they felt more should be dedicated to transportation purposes, 4 percent said less should go for these concerns, 38 percent said the right amount was dedicated, and 6 percent offered no opinion.

—By a margin of 3 to 1 (73 to 23 percent) the great majority of state residents said that if the gas tax was raised, the additional funds should be dedicated solely for transportation needs, rather than being used in any manner the state saw fit.

CONSOLIDATED RAIL CORPORATION (CONRAIL)

STATEMENTS OF:

RICHARD B. HASSELMAN, SENIOR VICE PRESIDENT FOR OPERATIONS, CONSOLIDATED RAIL CORPORATION

MORTON GOLDFEIN, SENIOR VICE PRESIDENT OF LAW AND PUBLIC AFFAIRS, HARTZ MOUNTAIN INDUSTRIES

MARTIN ROBINS, DIRECTOR, HUDSON RIVER WATERFRONT TRANSPORTATION OFFICE, NEW JERSEY TRANSIT

INTRODUCTION OF WITNESSES

Senator LAUTENBERG. I ask Mr. Goldfein, Mr. Robins—is Mr. Hasselman here? Oh, yes, hi. We are not able to have the Hudson County Executive Janisewski with us.

Well, we thank you gentlemen for being with us once again. I probably, Mr. Hasselman, rode on—I do not know whether Conrail has a track between here and Newark or whether Amtrak does or if that is independent.

Mr. HASSELMAN. We run some freight trains on Amtrak track.

Senator LAUTENBERG. Oh, it is Amtrak track, so I do not have to thank you for having gotten to work here this morning. But we are happy to have you with us.

Mr. Goldfein, Mr. Robins. Mr. Goldfein, I think we have met before in the Soviet Union, if I am not mistaken. We went there, not to see the transportation problems, but to see human rights problems. No matter what our transportation problems are, we are in a lot better shape here than they are there.

We ask you to present your testimony in summary fashion, so that we can ask you a few questions. Mr. Goldfein, do you want to go first?

STATEMENT OF MORTON GOLDFEIN

Mr. GOLDFEIN. Thank you, Senator. I do have a formal statement which has been submitted to the staff, and I can make additional copies available if you would like. I would make one correction, that it starts off by saying "Good morning."

I am here as a representative, not just of Hartz Mountain, which is a developer, but I think of the developers generally, particularly in the northern part of our State, where our industry has turned its attention downtown.

There was a time not too long ago when the standard introductory line for real estate was there were three important considerations—location, location, and location. That has changed quite a bit. Transportation has replaced at least one of those "locations," perhaps two.

Major developers are no longer looking for corn fields to fill with office buildings. The tenant population has grown up and recog-

nized that it has no other place to go, there is no reason to hide any further. Their productivity is suffering when people are sitting in long lines on interstate highways to get to suburban or exurban locations.

The suburb-to-suburb commute has changed everything we do in the State likewise. While we cannot afford a new transit system to deal with suburb-to-suburb commutes, along with advocates of the State plan I think I would agree that the future depends on our ability to maintain and expand the transit system that we have in place today.

And the developers, following that transit system, are looking downtown. You need only go a couple blocks from this building to see the kind of work that DKM is doing here and as you ride the line up in New Brunswick. Calley and Tom Stanton are in Jersey City, Belle Mead is in Newark.

Major players have focused on the cities of New Jersey, and one of the reasons is a transit system is there. Tenants can move their workers to the job.

Developers are willing to spend a portion of the costs that upgrading and expanding the systems requires, and they are willing to do this at a time when various agencies of State government are saying, you will contribute. It is not just transportation that the development industry is asked to fund.

We are asked to fund affordable housing, sewage treatment. Even education has come to the table now. And while our industry is a mechanism for moving dollars toward those problems, it cannot be the mechanism for moving all or even the greater part of those dollars. Those are public commitments.

And we are of course mindful of your continued concern to see to it that New Jersey and our region continue to realize their proper share of the pie.

It is the waterfront that you asked us to address and in my prepared remarks we talk about the waterfront of New Jersey as a part of the greater New York-New Jersey metropolitan region. You will hear from my longtime friend Mr. Robins the extent of the State's commitment in terms of planned expenditures.

We have a real concern about the will of New Jersey citizens to fund multibillion-dollar transportation improvements. Just as you expressed your concern about the willingness of Members of the Congress from less congested areas to fund transportation in an area such as ours, we are concerned about people in the southern part of the State wanting to participate in a multibillion-dollar investment on the waterfront along the Hudson.

We have enjoyed a window of opportunity in recent years. We have attracted a lot of attention. We do have buildings and projects rising and in place. There are now 2,000, just under 2,000, PaineWebber employees working in Weehawken who get there for the most part by public transit or by privately created mass transit.

We are very proud of that ferry system that is carrying more than 1,000 PaineWebber workers from New York, people who lived in the boroughs for the most part and were going to lower Manhattan, and now come to the New Jersey waterfront by ferry.

And it does not cost them an additional penny in commuting costs. Between their employer and what we are spending, that cost is being underwritten.

But this window of opportunity I spoke of must one day close. There has been a lot in the press lately about the tightening of the development market along our waterfront. What tenants are looking for is commitment. They are looking not just for the landlord to provide the ferry system. They are looking to New Jersey and saying: When are we going to be doing something along the waterfront that will help us get our people to the job?

We have been doing a lot of planning. It is time we did something. The labor force that we can move to jobs in New Jersey now will be winnowed away by job opportunities in New York locations unless we can maximize the facility for moving those people regularly and comfortably to work on the New Jersey side.

I would be glad to answer any questions you have, Senator. But I think that summarizes our position.

Senator LAUTENBERG. Thank you.

[The statement of Mr. Goldfein follows:]

STATEMENT OF MORTON GOLDFEIN

Good morning. My name is Morton Goldfein. I am Senior Vice President of Law and Public Affairs for Hartz Mountain Industries, Inc. Our offices are located in Secaucus, New Jersey, and our market is the regional economy that is the subject of this hearing. I appear before the subcommittee today as a representative of the northern New Jersey development industry. I would like to offer a builder's perspective on how transportation investment—both in infrastructure and service—can help the region take advantage of the opportunities presented by the economic growth of the past decade, and help all of us to deal better with old problems that have have become even more pronounced recently—namely traffic congestion, commuting, and access to an adequate labor pool.

After 10 years of economic expansion, the NY-NJ metropolitan region is at a crossroads. The growth of the 80's has produced a set of problems which, if not adequately addressed by public officials and business leaders, threaten continued prosperity for this region. The level of traffic congestion now experienced on our regional highway network is already having an effect on the private sector's ability to conduct business and limits access to potential pools of labor. Regarding the latter, it is now becoming clear to businesspeople as well as economists, that the boom of the 80's is combining with the baby bust of the 60's and 70's to produce a regionwide labor shortage. The Port Authority's Annual Economic Outlook (released just last week) confirms this conclusion.

Together we have to find ways to move more people throughout the region more effectively and in a cost efficient manner. But, as you and your colleagues struggle with the Federal deficit, we are concerned that transportation funding—which is so critical to moving workers in our region—might become a candidate for cuts.

My company—Hartz Mountain Industries, based in the Meadowlands—has been a key player in the economic resurgence of northeast New Jersey. Hence, our experiences of the past two decades have provided us with a unique, yet informed perspective on the role of transportation.

We have learned that business and government can work together to provide solutions to problems that have accompanied economic growth. Transportation is one area which lends itself quite well to both private initiative and public-private cooperation.

In just twenty years, Hartz has become one of the largest developers in northern New Jersey. During that time, we have 40 million square feet of commercial/retail space, and 1200 units of housing. In recent years, Hartz has taken a leading role in the renaissance of the New Jersey Hudson River Waterfront. Some 2000 workers now travel to our landmark Lincoln Harbor in Weehawken, the new home of PaineWebber's Support Services. Later this year, we will break ground on the 80 acre Port Imperial South development with our partner Arthur Imperatore. At diverse other sites in northern New Jersey, we have five million square feet of com-

mercial/retail space and 5,000 units of housing in progress or on the drawing boards.

To date, virtually all Hartz developments have been sited within a five mile radius of Manhattan's central business district. This insures businesses superb access to Manhattan, the northern New Jersey metropolitan area, and Newark International Airport. For most of our 300+ tenants, proximity to Manhattan was and is a critically important factor. Many of these tenants are branch offices or operational sections of companies that maintain headquarters in Manhattan. In addition, a good number continue to employ a significant number or New York residents whose commuting habits run counter to the tradition of east in the morning and west at night.

In the real estate development industry, it is too often said that the three most important elements for success are location, location, and location. However, we have learned that location alone can not guarantee success. Oftentimes, proximity to Manhattan from New Jersey does not always translate into easy access.

As a result, we have vigorously pursued a policy or promoting and advancing a variety of transportation projects to maximize access and convenience for our tenants while minimizing traffic impacts on surrounding communities. For ten years, we have worked closely and effectively with several regional transportation agencies. In the process, we have developed what we feel is a model of public-private cooperation in creating transportation solutions. These projects range from the multi-million dollar construction or upgrade of miles of new roads and bridges, to the provision of mass transit services and facilities, including the only privately financed and constructed commuter rail station in New Jersey at Harmon Cove.

In recent years, our involvement in mass transit programs has mushroomed. In cooperation with New Jersey Transit, bus services were established to our Secaucus developments and subsidized by Hartz until ridership increased to the point of self-sufficiency. Today, Harmon Meadow enjoys regular bus service on five lines, serving virtually every municipality in the immediate area.

We continue to work closely with NJ Transit officials to assure service to new developments, as they approach completion. Such a project, a combined busway/private roadway along the Weehawken Palisades, has been constructed by Hartz and Arcorp at our expense and will be opened by Governor Kean a week from today. It should not have taken 2½ years for the state's transit planners to see the utility of this improvement. Our plan to pierce the Palisade by a tunnel-road connecting the Turnpike and Weehawken waterfront is being considered by the public side now. We will continue to urge state officials to move faster from planning to implementation of the vast public transportation system the waterfront needs.

Last June, Hartz took a major step in expanding transit service in the region by creating our own bus operation, HARTZ DIRECT, which provides express service between Secaucus and Manhattan, the Bronx, Brooklyn, and Queens. This system is extremely important to several of our tenants who continue to rely on access to the greater New York labor market. On the Hudson Waterfront, HARTZ DIRECT bus service is provided between Lincoln Harbor and Hoboken and midtown Manhattan.

Of course, the most exciting step has been the commencement of Arcorp's Commuter ferry service to lower Manhattan and midtown as well. Already, thousands of people are using ferries to get to work. The Port Authority has tapped Hartz & Arcorp to reinstitute Hoboken-World Trade Center service and our boats will be on the line in just 10–12 weeks!

These are all private initiatives which sought and require no public investment. What is most significant about these waterfront services is that the Hudson River has been virtually eliminated as a geographic and psychological barrier between the two states. For many outer borough commuters, a trip to New Jersey now takes less time than getting to parts of Manhattan. The result is that we are keeping jobs in our region that might otherwise flee to the sunbelt or some other distant location. PaineWebber, for example, expects that much of its Lincoln Harbor workforce will continue to reside in New York for the foreseeable future. That kind of continuity avoids dislocation of families, allows service businesses to maintain themselves, and keeps tax revenues in our region.

Improvements to regional transportation—moving people in better and different ways than they have been moved before—must be given the highest priority if this region's economic strength is to be maintained. Within the constraints of our private resources, we at Hartz Mountain have made significant progress, and stand ready to build on our record.

However, the enormous scope of the task before us requires a greater far reaching, cooperative effort. If our state is to grow and remain economically viable, there is a need for a greater commitment from the public side, on a regional basis, toward

increased, imaginative investments in our transportation network—the lifeline of our region.

From a developer who's made it work and seen the benefits, we know that the private side is prepared to participate.

STATEMENT OF MARTIN ROBINS

Senator LAUTENBERG. Mr. Robins.

Mr. ROBINS. Thank you, Senator Lautenberg. My name is Martin Robins. I am the director of the Hudson River Waterfront Transportation Office of New Jersey Transit, and I am very pleased to appear before you today, and with two such fine colleagues as Mort Goldfein and Dick Hasselman, people whom I work with constantly in the work of the Waterfront Transportation Office.

I took over the leadership of that office on August 1 and we are responsible in that office for developing the transportation and road improvement plan for the waterfront. That plan, as you indicated in other comments today, must be a balanced plan between transit improvement and highway improvement.

Both are needed. In fact, in a number of locations, particularly the Jersey City waterfront, we expect that transit will be able to accommodate as many as 70 to 80 percent of the people who are coming to the waterfront. So that is a very, very—transit will play a very, very important part of our future.

Some of the things that we have been making rapid strides in in the last 7 months are: in creating a more effective dialog with developers, such as those represented by Mort Goldfein; developing a strong working relationship with Hudson and Bergen Counties and the municipalities—I am sad that County Executive Janisewski is not with us today here to join us; I think he could add a considerable amount to our discussions—opening up our relationships with the new tenants, who are the real users of transit, as Mort was indicating.

And we have also become involved in a thorough examination of the need for better east-west road access to the waterfront, which is an area that has not been paid a sufficient amount of attention to, where trans-Hudson congestion creates an impression of considerable difficulty in reaching the waterfront from the west.

Now, the three most important initiatives that we have been involved in I would like to address. The first one is that we have achieved real progress in the Conrail relocation negotiations with Conrail, which would move Conrail's freight operations from east of the Palisades to the west. I think we have achieved a series of very important breakthroughs in the last few months and I am very optimistic that we are going to reach agreement soon. I think Mr. Hasselman can support that.

The successful execution of these agreement terms would give New Jersey Transit control of a vital transportation corridor that would allow us to seriously implement improvements in transit and road movements within the waterfront.

The agreement will enable us to begin the drawing down of our UMTA grant of $20 million, of which I know you are aware. It will be a significant part of that grant. In addition, port authority funds have been lined up several years ago amounting to $50 million to assist us in carrying out the Conrail relocation.

The second thing I would like to bring to your attention, in line again with what Mr. Goldfein said, is do something now. One of the things that I have really emphasized in our office is to create a short-range work program.

There is a handout which I distributed to your staff earlier in the morning which describes the short-range work program.

[The information follows:]

SHORT RANGE WORK PROGRAM PROJECT DESCRIPTIONS

NORTH BUSWAY

NJ Transit Corporation will soon have an announcement about the initiation of service on the North Busway. The busway extends from the intersection of Hillside Avenue in West New York and the northern boundary of the ARCORP property, through land owned by ARCORP and Hartz to the 19th Street entry onto Boulevard East in Weehawken. It is designed to improve travel time for trans-Hudson commuters heading for the Port Authority Bus Terminal as well as to provide service to Hartz's Lincoln Harbor development and ARCORP's ferry to Midtown Manhattan. Initially, approximately 40–50 buses will use the busway; however, service could be expanded to 120–130 buses during the peak period.

EXCHANGE PLACE TO HOBOKEN TERMINAL TRANSITWAY

The NJDOT's Region V design unit is completing a preliminary investigation of a transitway from Exchange Place in Jersey City to Hoboken's NJ Transit Rail and Bus terminals. The goal for a transitway is to provide a direct and speedy route for buses distributing workers and shoppers from these key terminals to development sites along the alignment. Our office will soon be meeting with city officials and developers to discuss a number of options.

HOBOKEN TO LINCOLN HARBOR TRANSITWAY

This inquiry will examine the potential of a transitway that would connect Hoboken Terminal to the Lincoln Harbor development in Weehawken, avoiding the increasingly congested intersection of Park Avenue and 14th Street. As greater numbers of Lincoln Harbor workers travel via the Waterfront Connection to Hoboken Terminal, a bus priority link in this area will become more important. Such a transitway would utilize existing rights of way along the water's edge of Hoboken consistent with the city's planning for waterfront development.

SOUTH HUDSON TRANSITWAY

Route 169, Bayonne to Vicinity of NJ Turnpike 14C Toll Plaza.—This transitway, oriented toward buses running along the eastern and central corridors of Bayonne, would begin in the vicinity of NJ Turnpike Interchange 14A at the existing end of Route 169 and would continue north in eastern Jersey City within the excess right of ways of the Conrail's active Bayonne Branch. The transitway would terminate in the vicinity of the NJ Turnpike 146 Toll Plaza to the west of Liberty State Park where it could connect with other possible transitways designed to provide access to downtown Jersey City.

West Side Industrial Track Transitway (West Jersey City to vicinity of NJ Turnpike 14C Toll Plaza).—West Side Industrial Track is an abandoned railroad right of way, owned by the Jersey City Sewerage Authority, which extends in a westerly direction from the NJ Turnpike's 146 Toll Plaza in Jersey City across the city toward Route 440 near the Hudson Mall. The right of way crosses a number of existing north-south bus routes in southern Hudson County and could possibly provide an express through-routing or transfer for express service to the waterfront in downtown Jersey City. In the vicinity of the Turnpike's 146 Toll Plaza this transitway would connect with other transitways designed to provide access to downtown Jersey City.

Jersey Avenue Extension Transitway.—The Jersey Avenue Extension would be a bus-only extension of Jersey Avenue over or around the western edge of the Tide Water Basin in Liberty State Park. This possible transitway would connect the Bayonne and West Side Industrial Track transitways to a system of bus preferential treatments on Jersey City streets approaching the downtown area of the waterfront.

PARK-RIDE SITES

This investigation will look at the lower Hudson County area adjacent to the Turnpike Extension for potential park and ride sites for local and larger distance waterfront workers. These sites will be investigated as part of the implementation of some of the other elements in this program.

CENTRAL TRANSITWAY

The Central Transitway in the heart of Jersey City deals with reusing the trolley right of way that is near the intersection of Central and Hoboken Avenues, crosses over the Bergen Arches and descends toward downtown Jersey City below Dickinson High School. Its termination near Dickinson High School will allow for its connection to the South Busway or other bus preferential lanes in downtown Jersey City. It would serve as a travel time enhancement to existing bus routes from Hudson County and Union City destined for the waterfront.

DOWNTOWN JERSEY CITY BUS PREFERENTIAL SYSTEM

The intent of this study would be to identify preferential treatments for buses approaching downtown Jersey City from the south and west and destined for waterfront locations. These locations would include: Exchange Place, Grove Street and Pavonia/Newport. This study would also analyze the approaches to the Hoboken Terminal. Such a study would identify current impediments to existing bus traffic flow. The product of this work would be low cost capital improvements that would decrease trip time, thereby making the local bus and commuter ride to the waterfront more attractive and efficient.

BUS STAGING/STORAGE FACILITIES IN DOWNTOWN JERSEY CITY

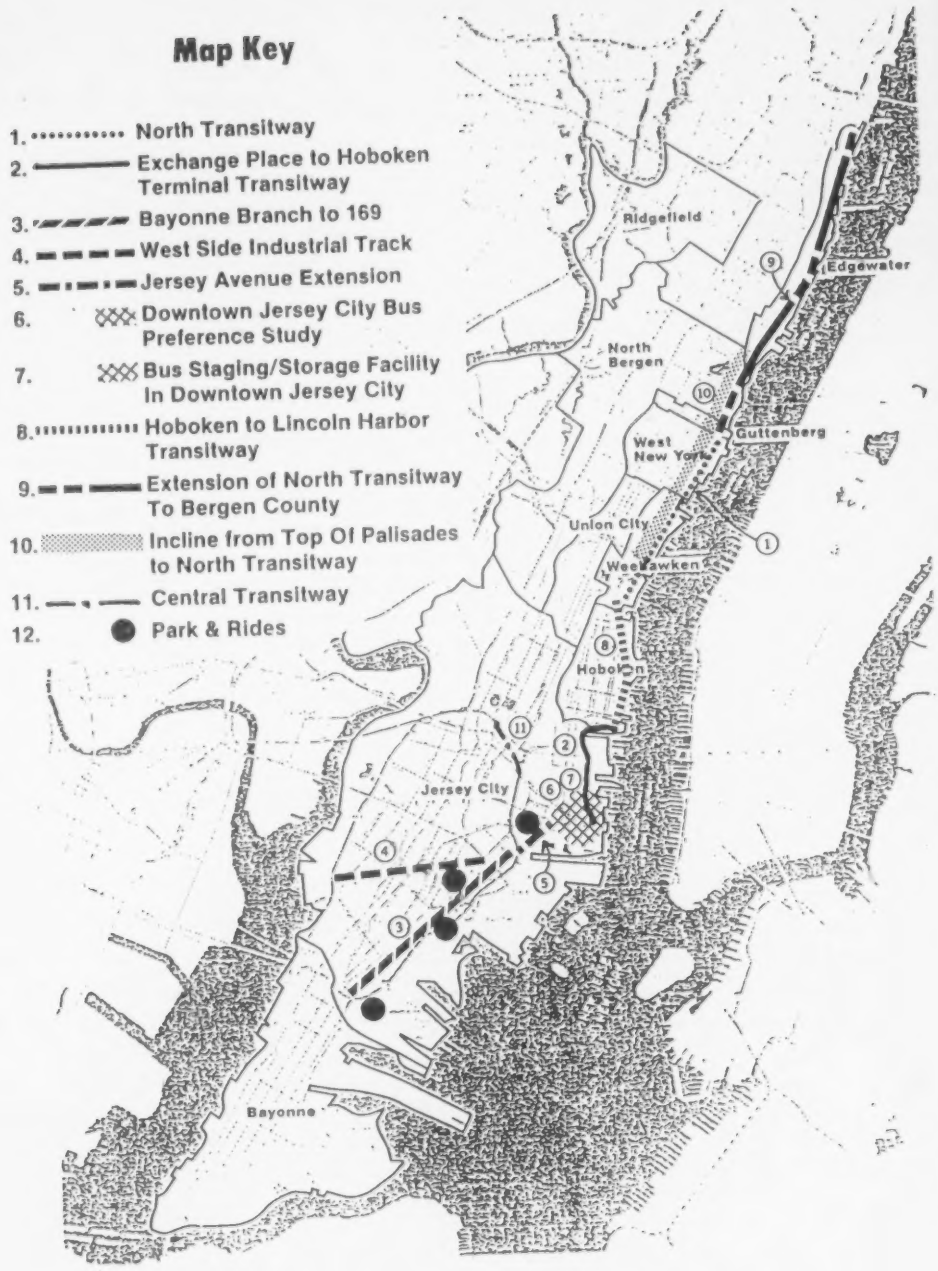
Based on projections of substantial increases in local bus service to the waterfront, this investigation would examine the need to establish new staging facilities for the loading and unloading of bus passengers in the vicinity of the major transportation centers of downtown Jersey City: Exchange Place, Grove Street and Pavonia/Newport. This study will also examine the need for, and feasibility of, bus storage facilities near the waterfront development. Both of these subjects will draw heavily on the products of the Hudson County Bus Study being conducted by NJ Transit Bus.

EXTENSION OF NORTH BUSWAY TO BERGEN COUNTY

This inquiry, to be performed in conjunction with Bergen County Planning and Economic Development Department will examine the potential uses and impacts of extending the North Busway from its northerly terminus on the West New York/Guttenberg border through Guttenberg, North Bergen and Edgewater, until it intersects Route 5 and River Road in Edgewater. The study will also identify key road segments that need to be built or expanded for general traffic use.

INCLINE FROM NORTH HUDSON PALISADES TO THE NORTH BUSWAY

The desirability and feasibility of constructing an incline, funicular or some other type of vertical transportation from the top of the Palisades in populous North Hudson to the North Busway will be examined. Such a study would investigate the potential transportation benefits from providing direct access to the North Busway for pedestrians and transferring bus riders above the Palisades as well as the feasibility of constructing a vertical access system at a number of possible Palisades sites. Developer interest is expected.


Map Key
1. North Transitway
2. Exchange Place to Hoboken Terminal Transitway
3. Bayonne Branch to 169
4. West Side Industrial Track
5. Jersey Avenue Extension
6. Downtown Jersey City Bus Preference Study
7. Bus Staging/Storage Facility In Downtown Jersey City
8. Hoboken to Lincoln Harbor Transitway
9. Extension of North Transitway To Bergen County
10. Incline from Top Of Palisades to North Transitway
11. Central Transitway
12. Park & Rides
Ridgefield
Edgewater
North Bergen
Guttenberg
West New York
Union City
Weehawken
Hoboken
Jersey City
Bayonne

NJ Transit Hudson River Waterfront Transportation Office

STUDIES NOW UNDERWAY AT NJ TRANSIT HUDSON RIVER WATERFRONT TRANSPORTATION OFFICE

Alternative Analysis/Draft Environmental Impact Statement is a comprehensive study of possible transportation corridors required by the Urban Mass Transportation Administration in order to qualify the waterfront transportation system for Federal funding. The Alternative Analysis is a public process involving input from various waterfront interests and a review of various alternatives to serve the corridor including: the 1985 Draft Transportation Plan system proposed by New Jersey Department of Transportation, which includes a light rail system, an all-busway alternative, a people mover alternative, transportation systems management alternative and a "no-build" alternative. For each alternative, environmental impacts, costs, benefits and ridership projections will be developed and evaluated to arrive at a preferred alternative. This study has already been authorized by UMTA and is expected to commence this Spring and conclude late in 1990.

Short Range Work Plan is designed to examine opportunities for low-cost, short term improvements that would complete a transportation network to and within the waterfront. The kinds of projects to be explored include: north-south bus transitways on the waterfront and bus staging facilities. The study will also examine, for closer consideration in the Alternatives Analysis, transitways serving residential areas and transportation alternatives for connecting the Palisades and the waterfront transitways.

East-West Access Study will examine the feasibility of constructing additional vehicular access to the waterfront from the west. The New Jersey Turnpike's consultant is concluding an investigation of a new Palisade tunnel which is intended to service the northern waterfront. Additionally, the consultant under a $100,000 grant from NJ Transit, will investigate potential waterfront access from the New Jersey Turnpike in Secaucus through the Bergen Arches, an abandoned right of way, and also from the Turnpike's Hudson County extension connecting with the 6th and 11th Streets viaducts in Jersey City. The other possibilities are also being analyzed by Vollmer Associates for Newport.

Hudson County Bus Study is a federally funded study to rationalize, restructure and expand bus service to new and projected waterfront developments being undertaken. The study will identify major corridors that should be served in the years 1990 and 2000. It will also provide an inventory of local bus service, both publicly and privately operated routes, and updates on development projections and travel demand estimates. The study's recommendation will go out for review this Spring.

Interim South Busway Environmental Assessment: The South Busway is proposed to expedite bus travel from points in Central New Jersey to the Lincoln Tunnel and major developments in Jersey City, Hoboken and Weehawken. It is planned to maintain the time advantage of public transportation over private auto and encourage auto users to change to mass transit to help reduce traffic congestion, central business district parking needs and air pollution. This project is intended as an interim improvement on excess Conrail right-of-way alongside active freight tracks, until a permanent waterfront transportation system can be constructed in the late 1990's. The assessment is being shaped to study ways the project can be designed to benefit Hudson more significantly.

Travel Demand Forecasting Study which began in June 1988, is an effort to predict traffic volume and ridership estimates in the year 2005. These travel estimates are required for the Alternative Analysis/Draft Environmental Impact Statement. This project involves roadway and transit projections to, through and within the waterfront. The key inputs for these forecasts are assumptions on land use, population and employment. This effort is being coordinated with other planning efforts underway with the Port Authority of NY & NJ, NJ DOT and NJ Transit.

Survey Analysis and Qualitative Research is being conducted by the Waterfront Transportation. One such survey was conducted in April 1988 to identify commuting patterns for Harborside employees in Jersey City. Some of the trends identified were a major shift in residential locations from New York to New Jersey. The survey also shows heavier than expected auto usage by New Jersey workers from Hudson County and Central New Jersey with employees parking in employers' parking lots. Surveys and employees residence data are now under analysis.

Jersey City Traffic Study: New Jersey Transit is an active participant in the traffic study being performed for the city of Jersey City. A portion of this work is underway. The objectives of the study are: 1) evaluate the impact of full development on Jersey City's roadway system, 2) maximize street capacity, cars and people and 3)

identify and analyze new transit corridors. Final decisions on study scope and participants' roles will be made shortly.

Hudson River Waterfront North/South Ferry Study was initiated by NJDOT to answer questions about how ferries or "water taxis" might satisfy waterfront travel needs from Bayonne to Edgewater, including commutation to waterfront offices and transportation facilities, as well as off peak trips to shops and restaurants. This six month study, which our Office will help steer, will also try to determine whether ferries could prove to be a relatively easy solution in place of long range improvements.

NEW INITIATIVES TO IMPROVE TRANSIT CAPACITY TO WATERFRONT SITES

Waterfront connection: NJ Transit's Waterfront Connection will provide direct access from Newark Penn Station to Hoboken for passengers riding on the Northeast Corridor, North Jersey Coast and the Raritan Valley lines. In Hoboken, connections to local buses, PATH Uptown and Downtown and Battery Park City and ferry service will be possible. Based on our projections, the Waterfront Connection would, if all three phases were built, relieve PATH's Newark to World Trade Center line serving Journal Square, Grove Street and Exchange Place. The three-phase project would divert approximately 8,100 peak riders by 1995. At this point, NJ Transit has not committed to the last phase of the project; its implementation is contingent upon the availability of funds and passenger demand. Phases I and II, which would divert riders from the Newark-World Trade Center line, will be completed in 1990 and 1991. These phases, from Newark to Hoboken, will also add approximately 5000 additional seats for the Newark to Hoboken trip, facilitating travel from Newark to Pavonia-Newport Station.

Ferry service: Ferry service between Hoboken and Battery Park City, operated by the Hartz/Arcorp joint venture, will begin, in its initial phase, in Spring, 1989. This will be a passenger-only service which will operate only during commuter peak periods. The ferry service will provide a Downtown Manhattan travel alternative for NJ Transit commuters who will arrive in Hoboken via the Waterfront connections. It will relieve the overcrowding on PATH's Hoboken to World Trade Center line, serving Pavonia-Newport and Exchange Place. The ferry service, in its initial phase, will divert approximately 5,300 peak period riders bound for lower Manhattan, leaving space for intra-New Jersey commuters.

Path: In October, PATH lengthened trains on the Newark to World Trade Center line from seven to eight cars. These longer trains, serving Journal Square, Grove Street and Exchange Place, resulted in approximately 3,600 more spaces for passengers in the peak period. PATH continues to consider additional investments to expand Newark-World Trade Center trains to nine cars in length. Two key stations in New Jersey are being modernized and expanded. At Exchange Place, station capacity is being increased by the installation of escalators. The station is also being made accessible to the handicapped. At Pavonia-Newport station, a second platform is being added, and two elevators which will allow the elderly and disabled easy access to PATH trains from street level are being installed.

WATERFRONT SPINE TRANSIT NETWORK

Senator LAUTENBERG. It is nice to have the handouts going the other way, Mr. Robins.

Mr. ROBINS. Right. Well, we will call it something else, OK.

The papers that we handed to you today have as one of their major goals the creation of a waterfront spine transit network that could be done in very short order, within about 2 years, and with very little expenditure of funds. With the help of certain developers and the city of Jersey City, as well as particularly already assistance that we have received from Hartz Mountain and Arcorp, we think that we can put together a waterfront transportation spine system that can bring people from eastern Bergen County to Lincoln Harbor, to Hoboken Terminal, and to Exchange Place and back in the other direction.

We think that that would be a significant sign of progress.

In addition to that, we have launched our alternatives analysis, which is the analysis of the longer term investments that we need to make in order to be able to qualify for Federal funding. We are looking at balanced long-term transit and north-south highway investments to try to support the waterfront development.

This study is also coming from our UMTA grant, and it leads us to the final point, which I guess is really the bottom line that you have been talking about today. And that is, in Hudson we have two issues, I think. One is a political consensus, bringing together developers, tenants, political leaders at the State and local levels to try to decide what exactly ought to be done on the waterfront; and second, how do we finance that package.

Now, beside that we do have the money for the Conrail relocation, but the next stage I cannot point to you that we actually have funds that are lined up to carry us through to the next phases.

We are banking on the State legislature passing a transportation development district bill that will create a system of impact fees on the waterfront, in which developers would contribute to the cost of transportation improvements. But by no means do we expect that that is going to be a cure-all. It will be a factor.

The second thing that we are going to be looking for very seriously, of course, is UMTA discretionary funds. We do have the alternatives analysis that is extant to New Jersey right now, and we will be looking for UMTA discretionary funds.

How many dollars we ultimately will get and at what percentage is still very uncertain, but we think we will have a good application, we will have a sound plan.

The third area that we will be looking for money, of course, will be from the State funding, which you have addressed a number of times today. And although there was not detailed discussions today of the New Jersey Transit capital program, I can report to you, as I think Al Harf would have reported if he had spoken, that there is a tremendous number—there are a tremendous number of projects that are waiting in line for public transportation funding in New Jersey today.

And that makes me think as I approach my waterfront job that I have got to look at a range of the solutions, including those with low cost capital components, so that we can provide people with access, the ability to move around the waterfront, and be able to convince the future tenants of the waterfront that in fact they can get their workers to that location.

So I think we have a tremendous challenge in front of us, and we will need all the support we can get. And I think, as you indicated, we are going to need all the support and ingenuity that we can develop for ourselves.

Senator LAUTENBERG. Thank you, Mr. Robins.

Mr. Hasselman, nice to see you again. We met last as we reviewed, I think, the Chase Conrail accident.

STATEMENT OF RICHARD B. HASSELMAN

Mr. HASSELMAN. That is right, about 2 years ago, yes, sir.

Senator LAUTENBERG. We invite you to give us your comments.

Mr. HASSELMAN. All right. I have a statement that I sent in here. I think it would be perhaps more productive if we just refer to this map here, which just gives you a clue as to what it is that we are talking about that we are cooperating with New Jersey in.

Senator LAUTENBERG. It might just stand on that chair. It looks like it rests.

Mr. HASSELMAN. The Hudson River, of course, runs up and down at the right-hand side of that map, and the yellow line that you see going through the Weehawken tunnel from the top down and then following the right-of-way along the river, along the eastern face of the Palisades, is what we call our River Line.

This is our main north-south rail route that connects upstate New York and New England on one hand with Philadelphia and the west and the south on the other hand. So it is key, it is Conrail's key north-south freight route through New Jersey.

It is also the nucleus of what Marty would like to use for his waterfront right-of-way, transit right-of-way. And so the New Jersey plan is that we would shift our operations from that yellow line to the heavy green line that you see, which is a line that runs along the west face of the Palisades.

Senator LAUTENBERG. That is Secaucus?

Mr. HASSELMAN. Secaucus is right in the middle of the top, Senator.

Senator LAUTENBERG. Where the connection is?

Mr. HASSELMAN. Well, the connection—the two lines diverge at North Bergen, at about our North Bergen trailer van terminal.

And to follow the New Jersey plan, instead of turning and going through the Weehawken tunnel and coming out into the Arcorp properties, which are right over in there, we would continue on the green line, which roughly parallels Tonnelle Avenue, using the old Northern Branch of ours which we have substantially upgraded.

Our trains would follow that green line instead of the yellow line, down to Croxton—point at Croxton there, Ron—and then they would either—at that point they would either diverge and go through the Bergen tunnel to continue on south along the river side of the Palisades or they would go straight ahead and go down to Marion Junction. Would you point at Marion Junction.

And then a new connection would be built right there at Marion Junction, so that the trains could continue their north-south movement through Kearney. And that is key.

Now, in 1985 when Conrail started to improve its clearances for doublestack containers and fully enclosed multilevel cars, we were prepared to go ahead and increase the clearances on the yellow line route, and New Jersey told us then about this project that they had in their mind. And we worked out a deal with New Jersey to increase the clearances instead on the green route.

So we made a partial improvement of that green route at that time.

Senator LAUTENBERG. Is that green route in full use now?

Mr. HASSELMAN. No; it is in partial use. Most of our trains still use the yellow line.

Senator LAUTENBERG. And what about the doublestacks? What do you do with that?

Mr. HASSELMAN. The doublestacks use the green line, but they have to make a difficult move down around through Croxton. And the doublestacks now are in the process of being increased further in height.

So to make a long story short, we have to have those increases at Croxton and that Marion Junction connection in order to satisfy our doublestack customers.

Senator LAUTENBERG. Is that an income revenue opportunity for Conrail?

Mr. HASSELMAN. It is. Actually, it is more a preservation opportunity. In other words, in order to keep the business that we presently have, we have to fulfil our customers' requirements.

Senator LAUTENBERG. Right. But if you had to prepare for the higher requirement, you have got a lot better chance to do that on the green line than you have on the yellow line?

Mr. HASSELMAN. Well, yes, we do have, that is a fact. The thing we cannot do is vacate the yellow line without finishing the job on the green line, and that is what we are working on right now.

Senator LAUTENBERG. And what does it take? Is it the Marion connection?

Mr. HASSELMAN. The Marion connection is the biggest obstacle in completing this construction. There are some pollution problems in the Marion Junction area and a few other right-of-way acquisition problems that New Jersey is working on at the present time.

Senator LAUTENBERG. And the cost of that might be what?

Mr. HASSELMAN. The cost of the whole green line job there, including the work that has already been done, is just under $30 million. But that makes it possible to vacate completely the yellow line and make that all available for the transit corridor.

We have another problem with the use of the present route, which is that our trains in order to get into Kearney without the Marion Junction connection have to operate on that yellow spur down at the bottom of the map, which means that our trains are down in the gold coast of Jersey City, where the developers want to develop their property which they own and we have an easement in. And we have no way of discontinuing use of that easement until we get the Marion Junction connection.

Senator LAUTENBERG. Why do you go east before you go west?

Mr. HASSELMAN. Because the connection at Marion Junction at the present time is in the wrong direction. So we have to come down the green line and then head toward the river and then back in.

Senator LAUTENBERG. I see, you have to turn.

Mr. HASSELMAN. So that is the whole story in a nutshell. And as Marty said, I think we are working pretty well with him at the present time, and we are probably close to reaching an agreement to carry this out.

Senator LAUTENBERG. You are waiting for the funds to move into the acquisition of the yellow line and the commitment that you have on the Marion connection, am I correct?

Mr. HASSELMAN. Yes; that is correct, yes, sir.

Senator LAUTENBERG. And would that be effectively, though not chronologically, a simultaneous financial transaction? Would the acquisition from Conrail of the right-of-way permit the funding of

the Marion connection, with some significant difference, but relatively small in the final analysis?

Mr. HASSELMAN. The plan is that at such time as we get all the permits and the agreements worked out and the funding is available, we would probably transfer the title to the yellow line to New Jersey. But we have to have the wherewithal to construct that green line system or we cannot vacate the yellow line.

Senator LAUTENBERG. Well, the green line system, the track that is there, it is used now?

Mr. HASSELMAN. Parts of it have to be relocated. In the area of Croxton Yard, it is not presently possible to start to come down the green line from the north and continue on to the south.

Senator LAUTENBERG. So what is the green line used for now?

Mr. HASSELMAN. It is used principally for local movements within New Jersey and for certain trains to go down the green line and head into the Bergen Tunnel. But it is not possible to make a straight-across move at the entrance to the Bergen Tunnel.

So we have to do some relocation in there and construct the Marion Junction connection.

Senator LAUTENBERG. Would that serve also to get some of that freight traffic out of more congested areas? I assume that the green line—I am fairly familiar with that geography generally—that the green line would have those trains passing through generally less populated areas?

Mr. HASSELMAN. It does in general, though I must tell you it does have two very major road crossings on it, Secaucus Road and Paterson Plank Road, which New Jersey plans to construct overpasses at in the next few years as we understand it.

But it does eliminate a number of crossings on the Hudson River side of the Palisades.

Senator LAUTENBERG. How are they done now? Are they grade level crossings?

Mr. HASSELMAN. Many of them are grade crossings, yes, sir.

Senator LAUTENBERG. Because I live in Secaucus and I hear that whistle blow all the time. And obviously we are not going to call for a massive Federal program to get it moved so I do not have to listen to it.

But the picture is fairly clear. Well, thank you very much.

Mr. HASSELMAN. Thank you, sir.

Senator LAUTENBERG. As all of you have heard, I continue to support investments in the transportation infrastructure, and I think it is fair to say that not only will we have improved economic opportunity in—what better name can we give it than "the gold coast"? There has got to be something that has a more universal appeal than "the gold coast."

But that not only can we make sure that that space is used for efficient and good use—much of it is just lying moribund right now, not getting any use—but that it will serve the environment as well, because there will be a lot of cleanup involved in this, that we will be able to reduce some of the automobile traffic and make use of a very, very important part of a beautiful New Jersey resource, and that is of course the waterfront.

The kind of development that has taken place there in my view has been barely short of spectacular. I used to be a commissioner of

the port authority and I would sit up in the World Trade Towers and look off to the west and resolve that, if I did nothing else in my lifetime around here, that I was going to try to get the view as attractive going west as the view going east.

And that is beginning to happen, getting rid of the rotting piers, getting rid of the vestiges of yesteryear, with all the romance of the ferries and that kind of thing. It might surprise you to know that I would be old enough to remember some of those things.

But the fact is that there is enormous opportunity for beautification, for effective use, for residential use, for commercial use, for a better environment on this thing. We ought to get off the dime or the $20 million, whichever sounds more convenient.

Two and one-half years ago, as all of you have noted, I joined Governor Kean and others to announce the award of that UMTA grant, $20 million. These funds were to be used to acquire the right of way from Conrail. How much of that money has been spent so far?

Mr. ROBINS. Very little of it. But as I said, we expect to have a considerable amount of it committed when this agreement is signed with Conrail.

Senator LAUTENBERG. When might that be?

Mr. ROBINS. Well, it is not too good to be that much of a prognosticator, but I would hope that it would be early in the springtime.

Senator LAUTENBERG. Early in the spring?

Mr. ROBINS. This spring.

Senator LAUTENBERG. Because there is nothing worse for New Jersey or for any community than to have commitments of funding made and to see those funds lie dormant. I can tell you, it arouses the worst skepticism, perhaps even cynicism, because it says, hell, these communities do not really need this, they just want to park the money, and one day they will maybe use it.

It lacks the urgency that protects these programs. I have got to tell you, it attaches to far more than the Hudson River Waterfront Project.

What took it so long to get moved along?

Mr. ROBINS. I think the primary reason as I understand it—and Mr. Hasselman could add—is that the Marion Junction that we described was, the plan was met by a considerable amount of opposition by property owners in the city of Jersey City.

We went through an exhaustive period of analysis of other routings that could possibly be considered so that that particular connection would not have to be built, and they were all determined to be infeasible from an engineering and operations point of view.

But it did absorb a considerable amount of time. When I took over, I had the advantage of having that process about being completed, and we just brought the matter in hand and began to talk seriously with everybody, with Conrail—tremendous support from Conrail.

Senator LAUTENBERG. How did it move from the infeasible?

Mr. ROBINS. Well, what we did was we told everyone, the city and everyone else, that Marion Junction had to be built the way we had originally designed it. So the other plans were not feasible and Marion Junction was feasible, and we had to go back and do what we were told originally was not desirable by the city.

Senator LAUTENBERG. Oh, desirable, because infeasible sounds like it is physically impossible.

Mr. ROBINS. It was physically impossible.

Senator LAUTENBERG. How did it get to be physically impossible?

Mr. ROBINS. The alternatives were physically impossible, the alternatives.

Senator LAUTENBERG. I see, but the connection——

Mr. ROBINS. The connection was always possible.

Senator LAUTENBERG. Did it violate any environmental standard?

Mr. ROBINS. No; the reason it was considered to be—some of them did not want it, was that it had some impact on businesses that were located in the immediate vicinity.

Senator LAUTENBERG. I see. Well, those businesses obviously will have to in some way be compensated.

Mr. ROBINS. We are working very closely with them right now to find ways to arrange the design so that they can continue to conduct their business, as many of them as possible can continue to conduct their business.

Senator LAUTENBERG. Mr. Robins, I think it is fair to say that the rumor has it that since you have been aboard things have been moving at a more rapid pace.

Mr. ROBINS. Thank you.

Senator LAUTENBERG. It is very hard to get compliments from this subcommittee, so we give it grudgingly.

Mr. ROBINS. Thank you very much.

Senator LAUTENBERG. But the fact is that we are pleased to see it.

I personally am frustrated.

Mr. ROBINS. I can understand that.

Senator LAUTENBERG. Because we stood up there, everybody feeling good, smiles across everybody's faces, as we announced this vision about to come into completion. And though I know Mort Goldfein's company a long time and Mort as well, I am still, I think, fairly objective about my obligations to the State and the community.

And I would have to tell you, I think these people in the Hartz Mountain organization and others who have taken on the assignment of building that area have been very forthright. I mean, willing to commit funds of theirs into what I would consider public projects, to enhance the livability of the area, to make it consistent with the kinds of development that New Jersey would like to see or has seen in many places, where there is no damage to the environment, where there is as a matter of fact environmental enhancement in many ways.

And to put all that together and get a commitment from a very stingy Government right now and then see it just kind of sitting there does not help us, as I indicated to you.

I know that Conrail, or I believe that Conrail, wants to do this thing, because it is not only good for the community, it is good for Conrail, and Conrail has to live within the community as well.

So we hope that the pace that you propose, springtime of this year, could be a big season for railroading. We hope to open the Atlantic City line, as I earlier said. I am looking forward to that as well.

Originally the State's application said the right-of-way should be used for a transitway combining light rail and bus lanes. But we are just now getting into the alternatives analysis. What do you think will be done? Will we see light rail or is light rail fading fast?

Mr. ROBINS. Well, I do not think light rail is fading fast. I think that we have to consider the plans against the backdrop of the pace of development, but even more important in this case, the amount of money that is available to us. And I think that one of the things that we will probably be looking at is some kind of a phased approach in terms of capital intensiveness of the investment.

It may be that some bus-oriented plans will be necessary to put into effect, either through the short-term plan or through some larger investments, because I do not know if we can foresee having the big block of funding that would be necessary in order to build a light rail system up front.

But by having the rights-of-way available and being able to take—understanding that we may in fact ultimately build a light rail system or some other form of automated transit, perhaps we can do it in a staged basis.

Senator LAUTENBERG. If you had your way, not to use a pun, but if you had your right-of-way, and were not restricted by funding, do you think rail has an advantage over buses?

Mr. ROBINS. Particularly in the area on the waterfront itself, I would say the answer to that is yes. That is, moving people from the Exchange Place area to Lincoln Harbor, I think that we need——

Senator LAUTENBERG. Lincoln Harbor being?

Mr. ROBINS. Lincoln Harbor being Weehawken, right near the Lincoln Tunnel.

Senator LAUTENBERG. OK.

Mr. ROBINS. That portion of the waterfront is going to be——

Senator LAUTENBERG. That is through Jersey City and Hoboken?

Mr. ROBINS. That is right, that is right. I think that that portion of it definitely, rail has an advantage. Rail has an advantage overall.

Senator LAUTENBERG. How long a line would that segment be?

Mr. ROBINS. That is about 4 miles?

Mr. GOLDFEIN. At most.

Mr. ROBINS. About 3 to 4 miles.

Senator LAUTENBERG. Might it pay to have a rail?

Mr. ROBINS. One idea that we are looking at is a people mover that would serve that particular area. That is going to be part of the alternatives analysis.

Senator LAUTENBERG. The State's plan calls for over $1 billion in spending there. This comes at a time when we are discussing fare hikes, service cuts. Where is the money going to come from?

Mr. ROBINS. Well, I think the first thing is that we really need to think about some options that are less capital intensive. We must do that. If we put all of our eggs in the basket of a very high capital intensive system and try to keep up with the waterfront development, we will take an enormous risk.

I think that the highest priority is to make sure that the engine of economic growth and the bloom on the rose of the waterfront be

maintained, that we not simply shoot for the Moon and expect that we are going to make it. These could be fairly tough times in terms of transportation funding.

I think you were indicating that, and certainly Commissioner Gluck was indicating that. So I think we have to have a couple of different approaches, and one will have to be one that is ingenious, but lower cost.

I think as far as the more capital intensive system is concerned, I think a combination over the years, a combination of developer contributions, State contributions, perhaps even local contributions, as hard as that is to believe at this time because of the financial state of Hudson County, and some Federal contributions, that we may be able to go some notches up on the capital intensiveness.

Senator LAUTENBERG. When you are examining other transportation alternatives, people movers—I am not really sure what that quite includes, but obviously they are not talking about a 3-mile-long escalator—do they discuss overhead systems?

Mr. ROBINS. That is right. The people mover system would probably be an elevated system that would, if it were going to be built, that would cover that whole waterfront area. That is the way it would be described in that alternatives analysis.

Senator LAUTENBERG. OK. Well, there are things that I know that we have to continue studying, but I would hope that the period for study is pretty much behind us and that we ought to get moving into some action.

Mr. Hasselman, there is no doubt, is there, that Conrail is willing to go ahead and do this thing, and they are prepared; the planning I assume is generally done, and that if we were to reach an agreement, there would be an opportunity to move ahead?

Suppose we had an agreement today. When do you think we could——

Mr. HASSELMAN. In a few days. That is to say, we are about ready to get started as soon as we work out our agreement with New Jersey, and I think we are pretty well along the line to that.

Senator LAUTENBERG. How long would it take for the move to be complete?

Mr. HASSELMAN. The construction work? I think part of the work could be done yet this year, and the Marion Junction connection would probably take 2 years.

Senator LAUTENBERG. Two years. Is there any kind of concurrent action that we get in terms of moving traffic up and down, north-south, even the east-west thing, or perhaps even including the east-west thing, that would permit us to be moving along two paths?

Mr. ROBINS. We are also talking with Conrail about the use of some excess right-of-way that is in a segment between Jersey City and Weehawken, and we are hopeful that some usage of that excess right-of-way for some transportation purpose could be developed. That is still in somewhat a formative stage.

Mr. HASSELMAN. Yes; we have not determined how much excess, if any, that there might be at the present time, and we are really not prepared to go forward with that until we get all the permits and other things we need to go ahead and go forward on the Marion Junction connection.

Senator LAUTENBERG. What kind of freight is moved along there right now?

Mr. HASSELMAN. Every kind of freight you can conceive of—finished automobiles, auto parts, double-stacked containers, piggyback traffic, coal for the powerplants.

Senator LAUTENBERG. A busy area.

Mr. HASSELMAN. It is a very busy area, yes, sir.

Senator LAUTENBERG. Will the New Jersey customers be as well served if we connect at Marion?

Mr. HASSELMAN. Oh, yes; better, better served, Senator.

Senator LAUTENBERG. Better served.

Mr. HASSELMAN. Yes, sir; that is one of the concerns.

Senator LAUTENBERG. Mr. Goldfein, what do you see? A private developer, a major investment, you want to get on with the task. What are the major transportation needs as you view them?

Are they across the Hudson, our side? What are they?

Mr. GOLDFEIN. Well, all the things that have been discussed here today are important, and we think there are not going to be more tunnels and bridges constructed across the Hudson, and so creative ways of facilitating movement in both directions are warranted.

We have implemented the ferry service. It works. The port authority has designated us, from 16 or 17 applicants, to renew the Hoboken-World Trade Center service. That will be starting again June 1, and we project as many as 5,000, 6,000 people will choose riding the ferry rather than taking the PATH train.

Senator LAUTENBERG. Will there be parking?

Mr. GOLDFEIN. No parking. These will all be people who come by New Jersey Transit trains to Hoboken to ride the ferry. Now, that helps with the traditional role of New Jersey being the bedroom and New York being the employment center.

Senator LAUTENBERG. Well, that can be reversed, of course.

Mr. GOLDFEIN. Exactly, and we have focused on the importance of moving people from east to west. You can do that with ferries. You really cannot do that with the PATH system, because if you go down into the depths of the World Trade Center—I do not know if you in your commissioner days, you got down there too often from the heights. But if you get down there into the depths—

Senator LAUTENBERG. There are some good bakeries down there.

Mr. GOLDFEIN. That is true.

There are some six escalators that bring people down from the subways to the PATH train, and they need five to bring people up from the PATH train to work in the World Trade Center and to the subways in the morning. That only leaves one going in that westerly direction—a real port authority problem, how to move more people to facilitate this change in employment, moving people to the New Jersey side.

Again, ferries are an alternative. You do not have to alter that system. So we think ferries are a way to improve on the cross-Hudson stuff. That means, how do you get people to the waterfront?

We suggested some months back an innovative idea, a tunnel that would parallel the existing Conrail tunnel, that would move people who are now going by bus to work in Manhattan, to Man-

hattan in a different way. They still get on the bus in their community in northern and central New Jersey.

That bus would be rerouted, would not go through the bottleneck of the Lincoln Tunnel or the nightmare of the port authority. Rather, the bus would go through a tunnel to the Weehawken ferry terminal. People would get off the bus and either have a job on the New Jersey side of the waterfront or take a ferry across to Manhattan.

We think that is a feasible project. The turnpike and DOT and Marty's troops are all looking at that now. We think it is something that immediately improves trans-Hudson, which has all kinds of air quality positives to it as well, finds a way to bring people to the waterfront without taking their cars, and is feasible in that it is a $50 million number we think that the turnpike authority seems capable of producing. Just as they made an extension to the Holland Tunnel, there could be an extension through to the waterfront.

So that is an idea that has been generated by the private side, and we are looking at government saying, well, if you are serious let us do it.

Senator LAUTENBERG. Is there participation by the private side?

Mr. GOLDFEIN. There would be. In effect we have said, if you tell us it costs $75 million, we will go the other $25 million, we will guarantee that it costs but $50 million, and put in the land and do the other things that are necessary. That is the east-west.

North-south, I have listened for more than 6 years to discussions of people movers and light rail systems, and I do not see them happening in other places in the country that are like our site. I do not see them happening in a budget crunch period.

If we can get Conrail over to the other side of the Palisades, if we can get the grade separations made so that moving Conrail over there does not become the Meadowlands' transportation problem because of those existing grade crossings, then I think what we have is a corridor through which we can put pavement down in the same way we put pavement down for the so-called North Busway that opens next week.

And we can take existing technology, which are buses, which are feasible, which are things people are accustomed to riding, and have them ride up and down on that corridor. And maybe some day there will be enough people to justify the kind of transit dreams that the waterfront transportation plan now includes.

I hope that there is enough time to generate enough waterfront development to make a significant private investment in such a system. But with a corridor we could be moving people up and down now with just a little pavement, and with buses.

Senator LAUTENBERG. What happens to the railbed that is down there now? Does that go away?

Mr. ROBINS. It would be taken up under any set of circumstances.

Senator LAUTENBERG. It would not be?

Mr. ROBINS. No; it would be.

Senator LAUTENBERG. It would be, even if you put in a different kind of rail system?

Mr. ROBINS. Yes; it would be entirely different from the Conrail rail system, so that railbed would not be necessary.

I think I just want to comment on a couple of things that Morty said, if I may. I think that what he is describing is the back to basics approach, trying to provide access to the waterfront, and I basically do not disagree with him.

I think that the developers have had some doubts about these proposals that have been on the table for a long time. They said they were too expensive, and I think that as the fiscal crunch becomes more evident to us we have to listen to what they have to say and come up with a plan that can in fact be carried out.

I think that clearing Conrail off the yellow line and into the blue line is absolutely essential, and that once we do that we can come up with some plans that could really make quite a difference.

Senator LAUTENBERG. Well, I hope that in the negotiations between Conrail and New Jersey Transit and whomever else is going to participate in the State of New Jersey, that it will be the Conrail advantage that is included in the formula as well, because I hear you say, Mr. Hasselman, there would be an improvement possibility for Conrail if that gets moved.

And I would hope that it kind of figures in the negotiation, now that Conrail is a public company and doing well on its own, that the negotiating posture would be one that reflects some improvement in service and perhaps revenue opportunities for Conrail.

Mr. Goldfein, Mort, the private sector contribution to all of this, do you see it as becoming more active, I will not say generous, but more participatory?

Mr. GOLDFEIN. Absolutely. If we sat and waited for infrastructure to happen by public action, we would not be doing the kinds of projects we have undertaken.

Senator LAUTENBERG. Well, you can talk for, let us say, Hartz and some of your colleagues.

Mr. GOLDFEIN. No; I am speaking for the industry. I think the industry recognizes that these things are not going to move forward without greater private participation.

Senator LAUTENBERG. I agree.

Mr. GOLDFEIN. We with Marty's predecessors tried to launch a whole lot of discussion on what the private side's contribution would be. We did not get very far. We do a lot better talking to Marty.

And while we can argue about how many dollars per square foot should be contributed for an office building or how many for a housing unit, ultimately we will come to a number that will fund a portion of that cost.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. OK. Well, we thank all of you for you participation. It is very valuable. It took us a little bit longer to do things than we expected, but that is a natural problem we could not do much about.

This subcommittee will be holding its next hearing on March 9, which is Thursday of this week. We are going to have the UMTA officials in front of us and we will be discussing some of the issues

that we discussed here today. And I thank you very much once again for your help and participation.

This hearing is adjourned.

[Whereupon, at 1:36 p.m., Monday, March 6, the subcommittee was recessed, to reconvene on Thursday, March 9.]

MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[CLERK'S NOTE.—The following statements were not presented at the hearing, but were submitted to the committee for inclusion in the record subsequent to the hearing:]

STATEMENT OF ROGER E. NUTT, ACTING EXECUTIVE DIRECTOR, NJ TRANSIT

Good morning, Mr. Chairman, I am Roger E. Nutt, Acting Executive Director of NJ TRANSIT. I appreciate this opportunity to testify before this Subcommittee.

NJ TRANSIT is New Jersey's statewide public transit operator, providing bus and rail service in 20 out of 21 counties in New Jersey. The Federal transit program plays an essential role in our ability to deliver safe, efficient and effective transit service to the citizens of New Jersey. In fiscal year 1989 NJ TRANSIT will receive or has received $38.5 million in Federal operating assistance and $61 million in Section 9 capital formula funding. In addition we are anticipating receiving $60 million in Section 3 discretionary capital funding.

The drastic cuts to the transit program proposed for fiscal 1990 by President Reagan and apparently supported by President Bush would have a devastating impact on transit service in New Jersey. The proposed budget would cut the Federal transit program to less than half of its fiscal 1988 size by eliminating the discretionary program and operating assistance for all but small urbanized areas. This proposal is clearly unacceptable.

New Jersey cannot afford the magnitude of these cuts. In fact New Jersey cannot afford any reductions in Federal funds, operating or capital. New Jersey would stand to lose $37.4 million out of a total of $38.5 million in Federal operating assistance and approximately $40 million in capital funding if the Reagan Administration budget proposal is embraced by the Bush Administration.

First, I would like to talk about the importance of Federal operating assistance. Federal operating assistance must be maintained at the fiscal year 1989 level. Any reduction, even 5 or 10 percent, will significantly impact NJ TRANSIT's ability to meet the mobility needs of our citizens. Just last week the NJ TRANSIT Board authorized me to conduct public hearings on a fare increase proposal that will average 12.5 percent. In addition, $25 million in service reductions are required to eliminate a projected deficit for fiscal 1990. The service reductions Include elimination of 26 bus routes and reductions in route segments, weekend services and frequencies of 94 other routes. On the rail side, 143 selected peak, midday, and weekend trains would be eliminated throughout the rail system and the operation of the Atlantic City Rail Line would be deferred. These drastic measures are necessary to offset a $55 million shortfall in our state fiscal year 1990 budget. In calculating the shortfall, we assumed that Federal operating assistance would remain stable at the fiscal 1989 level of $38.5 million for NJ TRANSIT. Any reduction in Federal operating assistance from the fiscal 1989 level will necessitate fare increases and service cuts beyond what we are currently proposing.

Further, NJ TRANSIT strongly opposes any effort to "cap" operating assistance for large—urbanized areas. We do not subscribe to the theory that an operating assistance dollar saved will spare us capital reductions. Compromises such as this only lead to more reductions.

On the capital side, Federal transit funding in fiscal year 1989 will enable us to make a variety of bus and rail equipment acquisitions and rehabilitations that are critical to maintaining public transportation in New Jersey. All of these projects, which translate directly into better transit service for New Jersey citizens, would have been long delayed without the Federal transit program. The NJ TRANSIT Board adopted capital program in state fiscal year 1990 anticipates $124 million in Federal capital assistance. Similar Federal funding levels are anticipated in the out years as well. With the Committee's permission, I would like to submit for the record NJ TRANSIT's current capital program.

If the Administration's budget proposal is enacted, basic equipment, facility and infrastructure investments required to maintain the existing public transportation system would be deferred. We would once again begin to see a decline in service quality and with that, a decline in ridership. We would return to the nightmare of the early 1970's when transit was in decline and the Federal Government role was yet to be defined. Since 1980, the Federal Government has invested almost $1.5 billion in New Jersey. The gains in increased mobility realized through this investment would be lost if the Federal role is further reduced.

Although they are not slated to receive Federal funding in fiscal 1990, reductions in Federal funding would have a cascading effect that would eventually result in the delay and elimination of many projects contained in the New Initiatives program. The New Initiatives program, designed to create a fully integrated transportation system and address growth needs in the State, includes such projects as the capacity expansion of Penn Station New York, the Kearny Connection, the Secaucus Transfer, the Waterfront Connection and other projects that will significantly increase mobility throughout the state and strengthen New Jersey's position as a "can do" state that meets the infrastructure needs of its citizens and business community.

I recognize Congress' need to address the budget deficit: I further recognize the difficult choices that Congress and in particular this Committee must make in meeting the parameters of Gramm-Rudman. I believe, however, that transit has already contributed significantly to the deficit reduction effort, and further reductions would cut into the very muscle of the Federal transit commitment. For example, Section 9 formula capital funding In 1989 was reduced by more than 14 percent over the fiscal year 1988 level. As a result, NJ TRANSIT's formula capital program was reduced by $8 million. The formula capital program was the only transit program to receive cuts of this magnitude, and this is consistent with a historical trend that must be halted. In the past 5 years, the formula capital program has been reduced by over 45 percent, from $1.45 billion in fiscal 1984 to $793 million in fiscal 1989. NJ TRANSIT has seen our formula capital program decline from $111.5 million in fiscal 1984 to $61 million in fiscal 1989. Had the program remained at the fiscal 1984 level, NJ TRANSIT would have received over $164 million more than we actually have received in the five-year period. The NJ TRANSIT 1990 capital program is already designed with limited resources in mind. Additional reductions cannot be absorbed without critical projects being delayed.

Further, cuts to the Federal transit program cannot occur without exacerbating the clean air problems this nation and in particular New Jersey already faces. In fact, in 1990 I advocate that transit funding, in particular Section 9 formula capital funds, be restored to the 1988 level rather than frozen at the existing level. We are on the threshold of a transportation crisis both nationally and within New Jersey. We can begin to mobilize to meet this crisis of urban transportation decline and suburban transportation congestion, or we can continue to postpone the investments that are needed. Maintaining the Federal commitment at its current level with Section 9 capital restored to fiscal 1988 levels would be a small step forward in ensuring a continued and significant Federal role in meeting mobility needs. On the other hand, capital reductions taken in fiscal 1990 mean we will be that much further behind in future years.

The bottom line is that transit has already contributed more than its fair share toward deficit reduction. Additional cuts are simply not fair, and would do serious harm to the transit program. The attached charts, which I would like to submit for the record with your permission, show that, as percentage of the Federal budget, transportation budget authority was reduced from 2.6 percent in fiscal 1983 to 2.4 percent in fiscal 1989. UMTA funding has been reduced even further, from 20 percent of transportation funding in fiscal 1983, to 11 percent in fiscal 1989. Additional reductions to the transit program are unwarranted and unfair.

The other major transportation recommendation of the Administration's budget that I would like to address is the elimination of funding for Amtrak. In addition to the adverse impact such a proposal would have on Amtrak's intercity service, New Jersey's commuter rail service would also be severely harmed since almost two-thirds of all New Jersey railroad commuters ride on the Northeast Corridor (NEC) for at least part of their trip. Costs to NJ TRANSIT to maintain the New Jersey section of the NEC, if Amtrak no longer existed, would increase our rail budget by almost $31 million, a total of 12 percent. Clearly the state cannot accept this additional burden. For New Jersey commuters, the result of a Federal abandonment of Amtrak would be suspension of service on the NEC, which would cripple trans-Hudson mobility.

Beyond maintaining Amtrak's operating budget, it is essential that capital dollars be provided to Amtrak to maintain and begin to improve the capital condition of the Northeast Corridor. The Centralized Electric Traffic Control (CETC) project is one project where Amtrak, NJ TRANSIT, and SEPTA are all cooperating to improve the safety and reliability of passenger service on the Northeast Corridor. NJ TRANSIT is committed to funding its share of the project. It is essential that Amtrak receive the Northeast Corridor Improvement Project (NECIP) funding of $4.97 million necessary for its fiscal year 1990 share, as outlined in the fiscal year 1989 appropriations bill, and that NJ TRANSIT receive its share of UMTA funding as well.

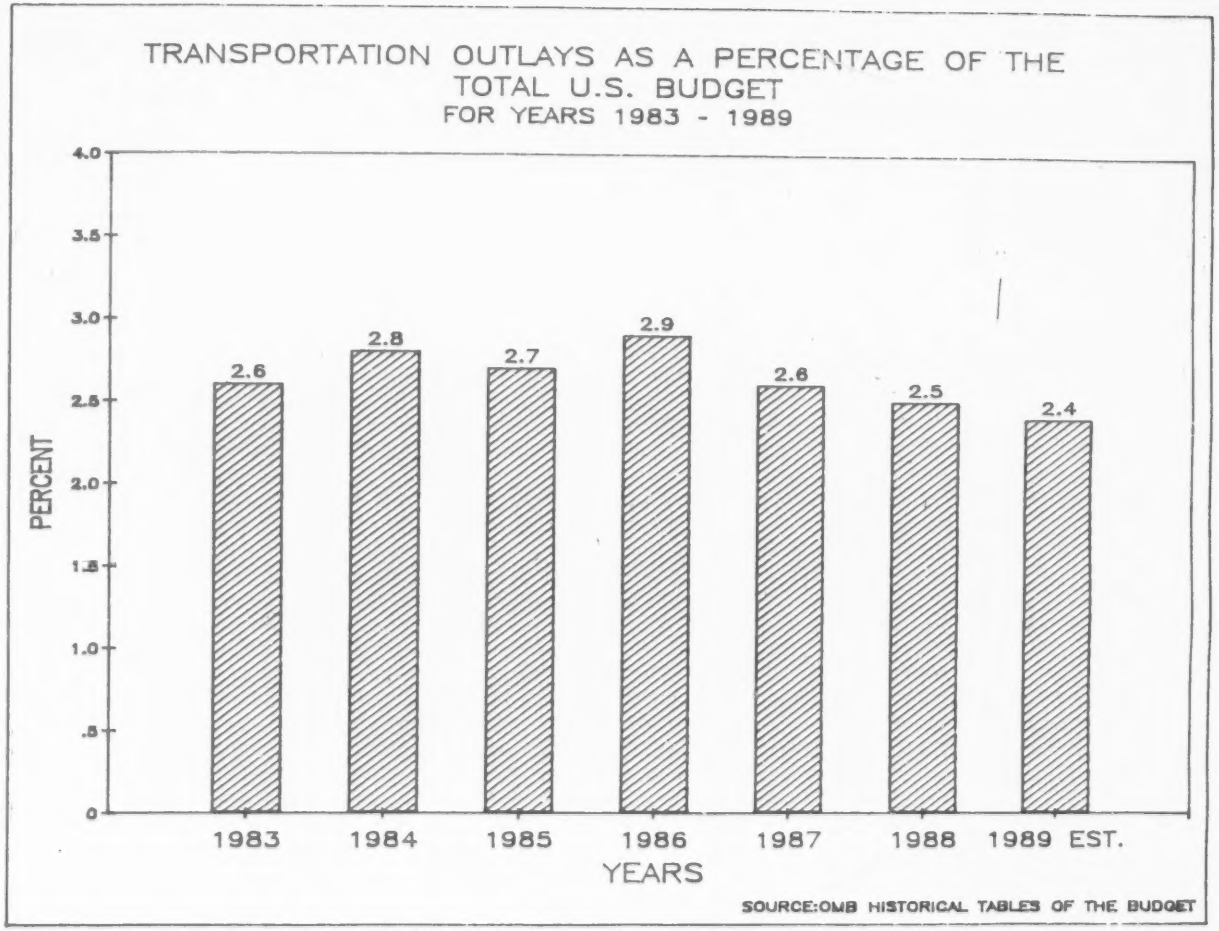
Another project already undertaken by Amtrak which greatly benefits NJ TRANSIT is the North River Tunnel project, funded through the fiscal year 1988 appropriations bill. I understand that, as part of a $56 million NECIP request, Amtrak has requested an additional $4.5 million this year to complete that project. NJ TRANSIT supports that request.

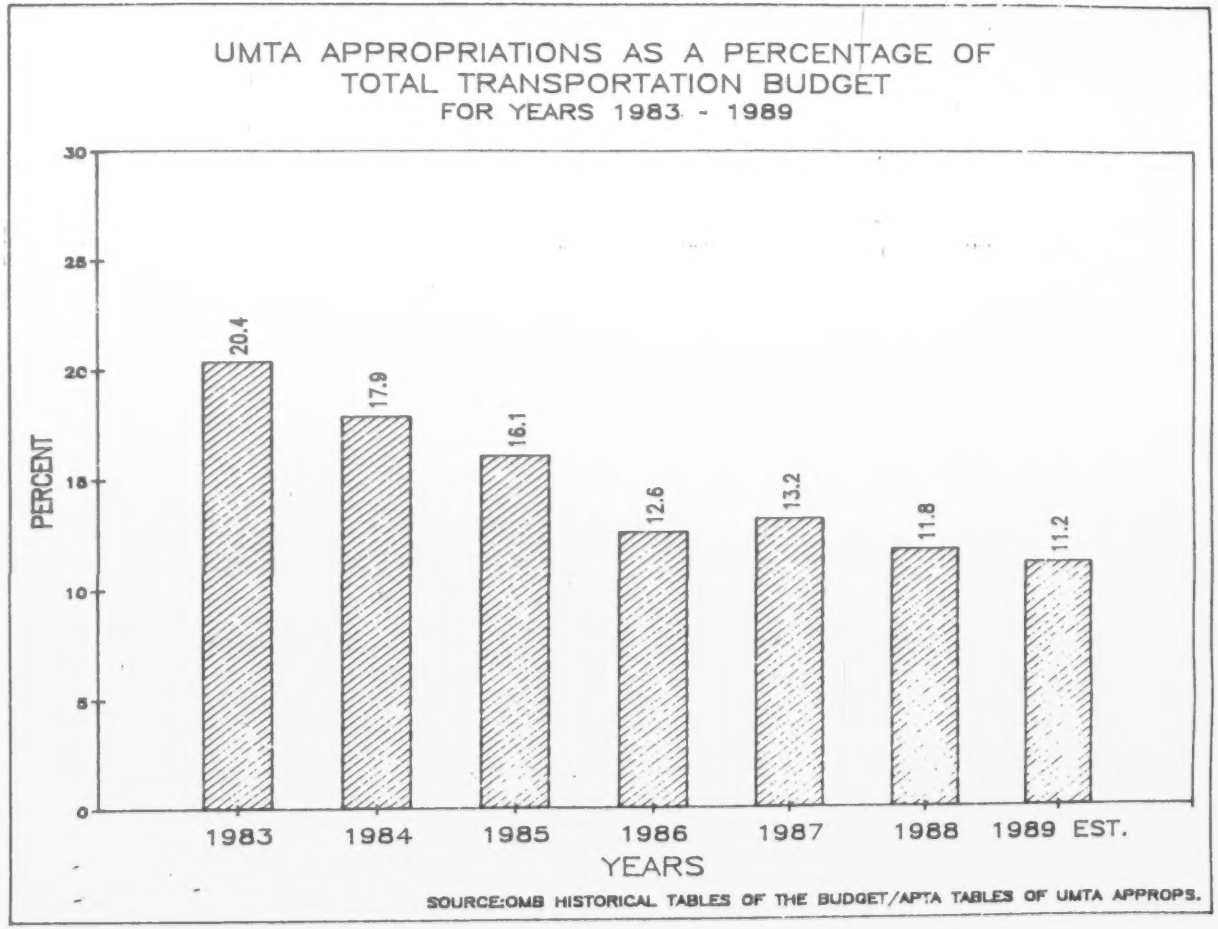
These are only two of many essential projects needed on the Northeast Corridor. Additional funding is essential if the premiere intercity and commuter rail line in the nation is to maintain and improve its existing condition. In the long run Congress in cooperation with the states served by the NEC will have to address the need to make the investments necessary to turn the Northeast Corridor into a world class rail line. The Northeast Corridor Commuter Rail Authorities Committee (NECCRAC) recently identified a total of $2.65 billion in needs for infrastructure improvement on the Corridor. Of this total $863 million is for projects needed to achieve a state of good repair, $747 million is for service and performance improvement projects, and slightly over $1 billion could be used to expand the system. Of the necessary projects identified, $1.5 billion would benefit both Amtrak and the commuter authorities. Another $358 million in projects would benefit only Amtrak, and $773 million would benefit only commuter authorities.

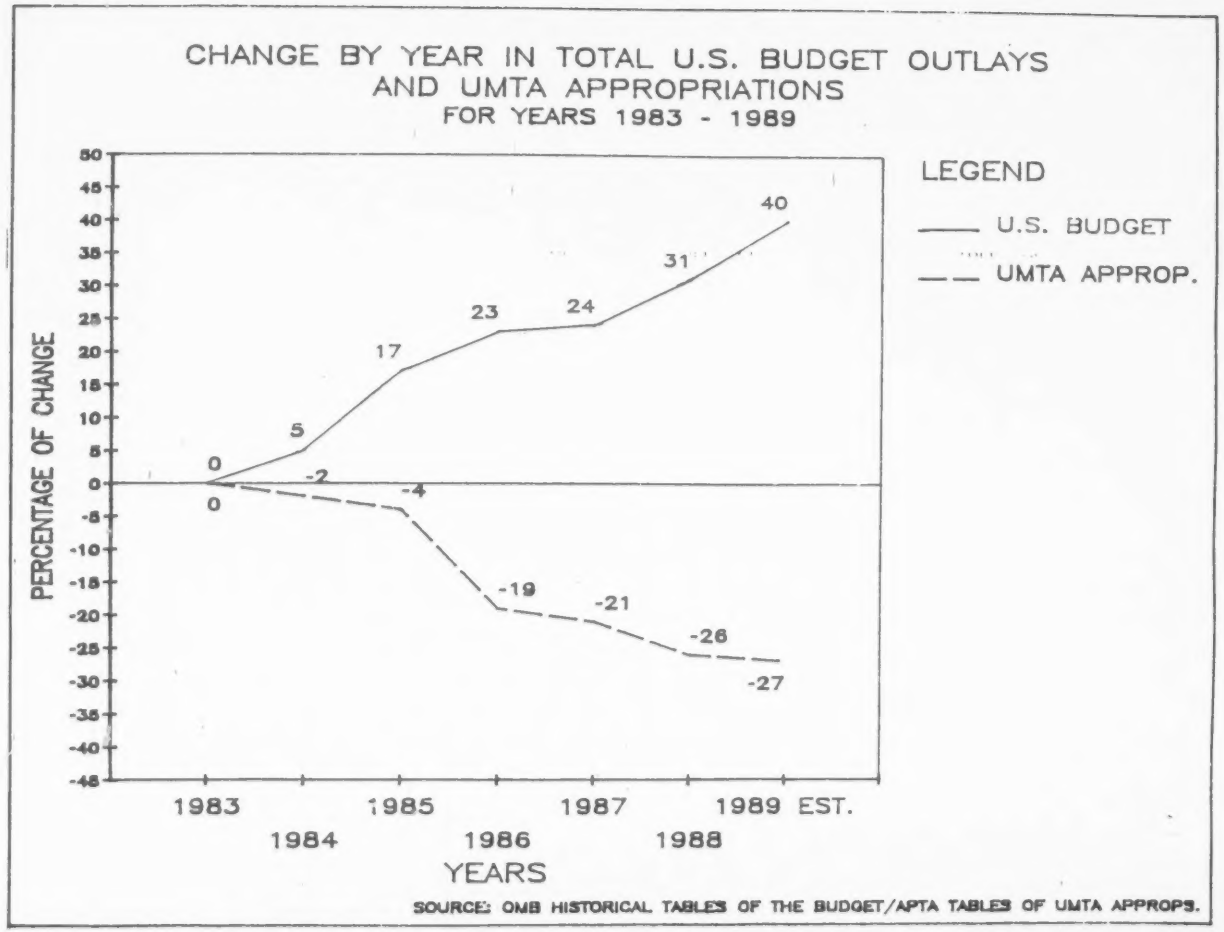
I would like to mention one other issue, not directly related to appropriations, which is important to NJ TRANSIT as well. A Federal Commission on Railroad Retirement Reform was created by Congress in late 1987, and its members were all appointed at the end of last year. After examining the issues, NJ TRANSIT and other commuter railroads will recommend to the Commission ways to reduce costs for commuter railroads and end a historical cross-subsidy of private, for-profit freight railroads by publicly funded commuter railroads. We believe this can be done without reducing the benefits our retirees receive. We understand that the Commission is beginning to meet. Your support in helping to provide funding for the Commission during last year's appropriations process is greatly appreciated.

Finally, some have argued that transit service is a local responsibility. In New Jersey, the state has demonstrated its commitment since approximately 40 percent of the NJ TRANSIT's capital budget and over 90 percent of our operating budget are provided through non-federal sources. I would argue, however, that the federal role in supporting public transit brings benefits to all Americans. While transit service is essential primarily in urban areas, economic strength in urban areas strengthens the nation's economy. A reduction in the number of cars on the road due to better transit service means cleaner air for all Americans. When a transit rider consumes less energy and decreases the nation's dependence on foreign oil, all Americans benefit. A recent report by the Federal Highway Administration stated that America's future mobility needs exceed the capacity of the Interstate Highway system by 11,000 to 15,000 lane miles. Transit is an integral part of the solution to mobility problems nation-wide. Finally, meeting the mobility needs of the transit-dependent—the elderly, poor, and handicapped Americans—can be as important as providing them with shelter. When an unemployed urban work force in a city has no means of getting to suburban job opportunities, the economy of the nation suffers. For all of these reasons, the provision of transit service is and must continue to be a Federal responsibility.

In conclusion, the Federal transit program is an essential source of funding for NJ TRANSIT. Any reduction would have an immediate impact on the quality of service provided within New Jersey. Reductions would also preclude NJ TRANSIT's ability to support the economic growth expected for tomorrow's New Jersey. Reductions to the transit program over the last several years represent a significant contribution to containment of the Federal deficit. Additional reductions are unwarranted and unfair. Mr. Chairman, your support of transit in the past has been exceptional and is greatly appreciated. Thank you for this opportunity to testify and for your anticipated support this year.


TRANSPORTATION OUTLAYS AS A PERCENTAGE OF THE TOTAL U.S. BUDGET
FOR YEARS 1983 - 1989
PERCENT
4.0
3.5
3.0
2.5
2.0
1.5
1.0
.5
0
2.6
2.8
2.7
2.9
2.6
2.5
2.4
1983
1984
1985
1986
1987
1988
1989 EST.
YEARS
SOURCE:OMB HISTORICAL TABLES OF THE BUDGET


UMTA APPROPRIATIONS AS A PERCENTAGE OF
TOTAL TRANSPORTATION BUDGET
FOR YEARS 1983 - 1989
PERCENT
30
25
20
15
10
5
0
20.4
17.9
16.1
12.6
13.2
11.8
11.2
1983
1984
1985
1986
1987
1988
1989 EST.
YEARS
SOURCE:OMB HISTORICAL TABLES OF THE BUDGET/APTA TABLES OF UMTA APPROPS.


CHANGE BY YEAR IN TOTAL U.S. BUDGET OUTLAYS
AND UMTA APPROPRIATIONS
FOR YEARS 1983 - 1989
PERCENTAGE OF CHANGE
50
45
40
35
30
25
20
15
10
5
0
-5
-10
-15
-20
-25
-30
-35
-40
-45
0
5
17
23
24
31
40
0
-2
-4
-19
-21
-26
-27
1983
1984
1985
1986
1987
1988
1989 EST.
YEARS
LEGEND
U.S. BUDGET
UMTA APPROP.
SOURCE: OMB HISTORICAL TABLES OF THE BUDGET/APTA TABLES OF UMTA APPROPS.

NJ TRANSIT CAPITAL PROGRAM

Proposal: Adopt the proposed fiscal year 1990, fiscal year 1994 capital program and amendments to the fiscal year 1989 program. Authorize staff to submit same to the New Jersey Department of Transportation (NJDOT) for incorporation in NJDOT's transportation master plan. Also authorize staff to submit the fiscal year 1990 annual element of the proposed program to the Legislature as part of NJDOT's appropriation request; submit relevant portions of the proposed program to each of the state's metropolitan planning organizations (MPO's) for consideration and adoption (a prerequisite for Federal funding); seek UMTA funding for projects within the program, and to execute agreements with all public agencies as required to implement the program.

BACKGROUND

Each year the Board adopts a multi-year capital program to guide project planning and enable staff to seek required Federal and state capital funds. This year's capital program will also be incorporated in NJDOT's new transportation master plan, which NJDOT has a statutory obligation to prepare every 5 years.

Normally, the program is a straight-forward listing of capital investments proposed for the period in question, constrained by anticipated levels of capital funding. This year, the program is complicated by the fact that there are significant uncertainties about funding availability and timing. These uncertainties include:

(1) *Federal Funding Beyond Federal Fiscal Year 1991.* Fiscal year 1991 is the last year of the present Federal authorization. A new authorization bill will not be legislated until 1990, so the nature and extent of Federal funding beyond fiscal year 1991 is a matter of conjecture.

(2) *Federal Commitment of Future Year Funding.* As contemplated in last year's adopted capital program, NJ TRANSIT staff has been seeking a multi-year funding pledge from UMTA involving fiscal year 1989, fiscal year 1990 and fiscal year 1991 sources of Federal funds, to finance rail rolling stock projects. The UMTA statute permits such a multi-year pledge (called "Advance Construction"), and the prospects for such a pledge are promising, but an agreement has not been consummated as yet. Such a multi-year pledge, together with state legislated capital grant anticipation note (GANS) authority (see point (3)), will enable NJ TRANSIT to contract for vital rail rolling stock projects without having to rely exclusively on already appropriated funds, thereby delaying other vital rail and bus projects. Thus, the pledge affects the timing of projects in the program.

(3) *Capital GANS Authority.* With a Federal funding pledge, NJ TRANSIT can contract for projects prior to the receipt of pledged Federal funds, provided NJ TRANSIT has authority to issue grant anticipation notes secured by the Federal funding pledge. NJ TRANSIT already has this authority in connection with Federal operating assistance but not Federal capital assistance. Expanded authority is being sought via an amendment to the NJ TRANSIT statute. The authority will permit NJ TRANSIT to arrange for the issuance of capital GANS. Once again, prospects are promising, but the legislative amendment has not been enacted as yet. As in the case of the multi-year pledge, this authority affects the timing of projects in the program.

Because of these uncertainties, it is necessary to define program options—a "favored" program which assumes the multi-year Federal pledge and capital GANS authority occur, and a "fallback" program which assumes neither. Also, for the years of the program beyond fiscal year 1991, it is sensible to assemble all projects which *could* be ready for implementation assuming no funding constraints since any constraints would be arbitrary in light of Federal funding uncertainties. Such an assemblage of projects is instructive because it "sizes" funding requirements in the out-years of the program, when new Federal legislation is expected, and state funding arrangements are ripe for re-examination.

To reiterate, funding shown in the fiscal year 1989–91 years are constrained dollars which are *programmed* for expenditure, while funding shown in the fiscal year 1992–94 years are unconstrained dollars defining funding needs. This distinction is important to bear in mind.

DISCUSSION

The Board last adopted a capital program in February 1988. The thrust of that program is contained in the program proposed here for Board adoption emphasizing system preservation and renewal. Funds are also proposed to continue progress on

new initiatives projects, though these funds are initiated to reflect overall funding limitations and the priority accorded system preservation and renewal.

The NJ TRANSIT Board of Directors is being asked to adopt the "favored" capital program and the "fallback" program on a contingency basis. Both programs in fiscal years 1989, 1990, and 1991 are constrained by the level of funding expected to be available. In the 1992 to 1994 period, all projects which *could*—from a scheduling standpoint—be implemented are shown unconstrained by funding limitations, since it is unclear at this time what these limitations will be.

What follows is a brief description of each major program area NJ TRANSIT's accomplishments to date in each area, a brief description of the intended use of funds programmed in the "favored" program for the 1989 to 1991 period, and a description of funding needs in the fiscal year 1992–94 period. The "fallback" program is described thereafter by contrasting it with the "favored" program.

Four attachments are provided that summarize these programs. Attachment I describes funding for the "favored" fiscal year 1989 to 1991 program, Attachment II lists the projects and programs constituting the fiscal year 1990 capital program (which must be submitted to the legislature by March 1), Attachment III describes the "fallback" fiscal year 1989 to 1991 program, and Attachment IV describes the capital needs for fiscal year 1992–94.

RAIL INFRASTRUCTURE

Brief Profile. The rail infrastructure category includes the replacement of antiquated jointed rail, replacement of railroad ties, and track surfacing; the rehabilitation of bridges; traction power; the rehabilitation of signals and communications, tunnel rehabilitation; the upgrade of facilities for the maintenance of equipment, right-of-way and operations; crew quarters; environmental compliance; and the replacement of antiquated non-revenue vehicles and maintenance of way equipment.

(1) *Track.* NJ TRANSIT commuter trains operate over 461 track miles of track which it owns. The four major areas of investment that are necessary for system safety and reliability and reduced maintenance costs are: replacement of antiquated jointed rail with continuous welded rail; replacement of worn out and rotted ties; the rehabilitation of turnouts to allow trains to switch tracks and the rehabilitation of road crossings to provide smooth running for trains as well as highway vehicles; and periodic resurfacing of the trackbed.

(2) *Bridges.* Undergrade bridges are structures which carry the railroad over roads, waterways, other railroads, etc. They include movable bridges, truss bridges, steel bridges, concrete bridges and timber bridges. NJ TRANSIT is responsible for 562 undergrade bridges and 128 overhead bridges. Approximately 50% of the bridges were built before 1925. The capital program reflects the system wide replacement or rehabilitation of structural/electromechanical components based upon an in-house rating and inspection program.

(3) *Signals and Communications.* The signals and communications systems are designed to allow for efficient train operations by maximizing capacity on a given length of track while guaranteeing safe stopping distances between trains. Various signal indications inside the locomotive cab or along the wayside inform the engineer of the track conditions ahead. Based on these indications, the train engineer may stop, continue at a specified speed limit, or proceed at the maximum speed allowed for a particular track assignment. Automatic train control is a part of the signal system that ensures that the engineer is alert to signal commands by causing an automatic brake application that will stop the train. Traffic control systems or TCS provide for train operation in both directions on a given track which result in increased safety, reliability and system flexibility.

(4) *Tunnels.* NJ TRANSIT is responsible for three major tunnels in its rail system. The two Bergen tunnels located in Jersey City, carry all Hoboken Division traffic into Hoboken Terminal through two separate tubes constructed in 1877 and 1907, respectively. The third tunnel—the Kingsland Tunnel—is located on the Main Line in Lyndhurst and was built around 1870. Necessary capital improvements to the Bergen Tunnels include tie replacement in the North Tunnel, reconstruction of walls and ceilings in both tunnels, a new ventilation system, structural repairs to open cuts and emergency access lighting. The Kingsland Tunnel requires structural repairs, open cut repairs, drainage and track work.

(5) *Right-of-Way Improvements.* A large part of ROW improvements is related to drainage. Poor drainage leads to floods and wash outs during storms. Moisture in the road bed during winter can cause frost action and heaving which can damage the track. Inadequate ditch capacity results in the silting or clogging up of the ballast during heavy rain or saturation of the sub-ballast resulting in a weakening of

the track bed and degradation of alignment. Capital improvements necessary to maintain the integrity of the track right of way include drain pipes, ditches, slopes, crib walls, widening shoulders and culverts.

(6) *Electric Traction System.* Electricity is used as motive power on one-third of NJ TRANSIT commuter system and on the Amtrak-owned Northeast Corridor. NJ TRANSIT's portion includes the Morris and Essex lines and the Rahway to Long Branch section of the NJCL. A series of supply substations accept electricity from local utility companies and convert it to the appropriate voltage for train operations. This voltage is fed to an overhead catenary system consisting of feeder and trolley wires. Electric current is carried by the trolley wire and is picked up by a device called a pantograph, which is mounted on the top of electric multiple unit cars and electric locomotives. Capital improvements to the electric traction system will concentrate on the replacement of antiquated trolley wire.

(7) *Centralized Traffic Control.* The purpose of this joint New Jersey Transit-Amtrak project is to establish a Centralized Traffic Control (CTC) System to consolidate control of Amtrak's New York Division interlockings on the Northeast Corridor between Harrison, NJ and Morrisville, PA. It is the highest density, highest speed, mixed intercity and regional passenger railroad in the United States. Much of the signal equipment, including the interlockings, are equipped with control mechanisms that were installed about 80 years ago and are prone to failure. This reduces reliability and on-time performance on this critical high density railroad, affecting both Amtrak intercity passengers and 65% of NJ TRANSIT's rail commuters whose trains travel via Northeast Corridor. The primary benefit of replacing obsolete equipment, modernizing communications and signal systems and centralizing control at New York's Penn Station will be more effective control of train movements, which will improve on-time performance and create a more reliable operation. With the improvement in communication, CTC will expedite the decisionmaking process of routing and dispatching trains during times of disruptions, and reduce recovery time from day-to-day problems that normally occur.

Accomplishments to Date. Since NJ TRANSIT's inception in 1979, over 250 miles of continuous welded rail have been or are being put in place and 33% of track ties have been replaced, three major movable bridges and 17 steel bridges have been reconstructed and ties on 33 bridge decks have been replaced.

Signals and communication systems have been renewed on four lines—the North Jersey Coast Line to Long Branch, the Main Line north of Ridgewood, the Montclair Branch and the Pascack Valley—and work is underway elsewhere.

Capital Program. For fiscal years 1989 to 1991, $169.34 million is programmed for infrastructure in the "favored" program. This level of funding will continue to advance the track program from a deferred maintenance status to reach a state of good repair by 1994, but funding advances in programs for bridges, signals and communications, culverts, electric traction and all the other areas of infrastructure needs would essentially maintain the status quo in these areas.

In the fiscal year 1992-94 period funding needed amounts to $242 million. If this magnitude of funding were available for this purpose, the backlog on bridge, culvert, and drainage repairs would be reversed, and the track program would assume a regular rather than catch-up cycle frown 1992 on.

RAIL ROLLING STOCK

Brief Profile. NJ TRANSIT's fleet of rail rolling stock consists of 639 passenger coaches, including 339 push/pull locomotive powered passenger coaches and 300 self-propelled electric multiple unit passenger coaches. Motive power for the push-pull passenger cars is provided by 72 diesel and 8 electric locomotives. To maintain system reliability this equipment must be routinely overhauled at prescribed intervals and ultimately replaced as the equipment reaches the end of its useful life.

Accomplishments to Date. In the last 9 years NJ TRANSIT has:

—purchased or has put on order 61 locomotives;
—overhauled 53 locomotives;
—purchased 192 Comet push-pull passenger coaches;
—overhauled 163 push-pull coaches;
—overhauled 70 Arrow electric passenger coaches; and
—refurbished 230 Arrow electric passenger coaches.

Capital Program. Rail rolling stock investments of $252.37 million constitute a substantial share of the "favored" capital program in the fiscal year 1989-91 period, especially in fiscal year 1989 when contracts are scheduled for award for several major projects. Major elements of the fiscal year 1989-91 program include the following:

(1) Arrow III Overhaul and Conversion. Along with 70 Arrow II cars, the 230 Arrow III cars represent NJ TRANSIT's electric multiple unit (MU) car fleet. Arrow III's are the fastest commuter rail equipment used in the United States, capable of travelling at speeds of 100 miles per hour. Built in 1977–78, they have been used in electric service on the M&E, North Jersey Coast (NJCL) and Northeast Corridor (NEC) lines. These cars will undergo a complete overhaul of major components and sub-systems as well as a conversion to an AC propulsion system that will reduce mechanical failures, improve on-time performance and lower maintenance costs.

(2) *Purchase New Push-Pull Coaches.* To relieve overcrowding and compensate for the temporary loss of a portion of the Arrow III fleet during the period of overhaul work, NJ TRANSIT plans to increase its 339 car locomotive powered push/pull fleet by 50 cars. This is 25 fewer cars than originally contemplated. The opportunity to purchase these additional 25 cars remains, however because there will be a 25 car option built into the procurement which could be exercised if conditions were to materially change.

(3) *Purchase New Electric Locomotives.* New electric locomotives are required to provide motive power for the additional push/pull coaches and to replace both diesel powered train consists (which NJ TRANSIT has had to operate on the M&E and NEC to accommodate growth on in the peak period during the mid-1980's) and E60 electric locomotives which have been very trouble prone.

(4) *Bombardier Capital Lease Payment.* Annual payment required as the result of the multi-year financing of a 1986–1987 project that rehabilitated 147 Comet I push/pull coaches and acquired 20 new Comet II push/pull coaches.

(5) *Associated Capital Maintenance.* The provision of spare parts for rail cars and locomotives to ensure sufficient space parts inventory.

(6) *Locomotive Overhauls.* NJ TRANSIT will conduct a cyclical overhaul of its entire 80-unit diesel locomotive fleet. Approximately 10 locomotive units per year will be overhauled so that major components and sub-systems are maintained according to manufacturers' recommended standards. The fleet to be overhauled includes 32 U34–CH diesels built in 1971–1973, 17 F40–PH2 diesels built in 1981–1982, and 23 GP–40P diesels built in 1968.

In the fiscal year 1992–94 period, rail rolling stock needs amount to $283 million, largely for locomotive replacement, Comet push/pull and locomotive overhauls and the rehabilitation of 70 Arrow II cars.

RAIL PASSENGER FACILITIES

Brief Profile. NJ TRANSIT provides commuter rail service to 154 stations. Work must be performed on an on-going basis to ensure passenger safety and upgrade the commuting environment, including:

—Rehabilitate platforms, lighting, canopies, stairs and station buildings
—Design and construct new high-level platforms
—Station trailblazing and signage
—Construct new stations

Also included in this category is the planning and development of new park/ride sites and expansion of existing sites to attract new riders and relieve overcrowded conditions.

Accomplishments to Date. NJ TRANSIT has performed major rehabilitation work at 16 rail stations, including Newark-Penn Station, Matawan, Plainfield, Middletown, Somerville, Jersey Avenue, Edison, North Elizabeth, Elizabeth, Linden, New Brunswick, Princeton Junction and Raritan, and performed lesser repairs at over 100 other stations. In addition over 5,000 parking spaces were constructed and 3,500 more repaved.

Capital Program. In the fiscal year 1989 to 1991 period, the "favored" capital program calls for $20.47 million of rail passenger facility improvements. This funding level falls far short of needs in this area. Thus funding needs in the fiscal year 1992–94 period are substantially higher, amounting to $64 million.

MAJOR RAIL PROJECTS AND NEW INITIATIVES

Brief Profile. This component of the capital program encompasses a number of major one-time rail investments designed to substantially upgrade the rail network. In the past this category of investment included rail electrification projects and the new Meadows Maintenance Complex. Prospective projects ("new initiatives") are intended to interconnect the rail network and expand network capacity, so that more direct train service to more destinations become possible. These prospective projects are an outgrowth of NJ TRANSIT's 1987 report, "Meeting the Growth Challenge: A Transit Plan for the 1990's". These are intended to provide for Trans-Hudson capac-

ity to meet growth, and to provide means to more easily travel within New Jersey, particularly to the Hudson River Waterfront, the Hackensack Meadowlands and to Newark. The linchpin of the program is the provision of added peak hour train capacity into Penn Station-New York (PSNY), which requires signal, electric traction, bridge and track improvements on the NEC between Newark and the PSNY, as well as improvements in and adjoining the PSNY itself.

Accomplishments to Date. In the 1980's NJ TRANSIT has: 1) reelectrified the Morris & Essex Lines, converting the antiquated DC current power supply to AC current; 2) electrified the NJCL by 5 miles to Matawan and then 16 more miles to Long Branch; 3) constructed the Meadowlands Maintenance Complex to centralize all major rail rolling stock maintenance in one location, replacing antiquated facilities; and 4) virtually completed engineering and design for the Kearny Connection.

Capital Program. The "favored" program provides $63.20 million in fiscal years 1989 to 1991, a constrained amount of funding in recognition of overall funding limitations.

Funding in the fiscal year 1989-91 period is slated for:

(1) Improved convenience and efficiency and expanded capacity of passenger facilities at PSNY to relieve the existing passenger crush there and to provide for added passenger growth;

(2) Reconfiguration of the tracks on the approaches to PSNY to facilitate higher peak hour train capacity;

(3) Continued design work on the Secaucus Transfer, a project to create a transfer point between three rail lines from Bergen County and the Northeast Corridor (NEC), enabling more direct access to midtown Manhattan, and creating a highly accessible new development hub in the Meadowlands;

(4) Completion of the first phase of the Waterfront Connection, which will allow trains from central New Jersey to carry riders to Hoboken Terminal, surrounding waterfront development and the planned ferry at Hoboken;

(5) Minor improvements at Hunter Connection to make more reliable the merging of the Raritan Valley Line with the NEC; and

(6) Continued environmental and design studies associated with the Boonton-Montclair alternatives under consideration.

Ultimate funding requirements for rail new initiatives projects are substantial in the fiscal year 1992-94 period alone, funding needs amount to an additional $527 million. If this magnitude of funding were available in this 3 year period, significant progress would be made on improvements to the NEC and PSNY which, as noted earlier, is the linchpin of the new initiatives program. Elements of these improvements include further PSNY passenger facilities to provide needed circulation capacity, replacement of the signal system between Newark and New York to provide needed train capacity expansion, the upgrade of the NEC power and distribution system to handle the added train capacity, rehabilitation of bridges on the NEC to eliminate speed restrictions (thereby increasing capacity and reducing travel time), and yard expansion for storage of added trains. In addition, the Kearny Connection, the Hunter Connection and the balance of the Waterfront Connection would be completed, the Secaucus Transfer would be partially implemented and design work associated with other prospective rail restoration projects would be undertaken.

Two concluding points are essential to make here. The new initiatives program will require substantial additional funding beyond fiscal year 1994. Moreover, it is impractical to allocate as much as $527 million for new initiatives in fiscal year 1992-94 period if present funding levels were sustained, since this would constitute *75% of overall funding* for the 3 year period.

BUS MAINTENANCE FACILITIES AND SUPPORT EQUIPMENT

Brief Profile. When NJ TRANSIT was created in 1979, the statewide network of 18 bus garages and facilities were all obsolete, inefficient and overcrowded. Many were constructed in the early 1900's to provide storage for street cars. The inappropriate and outdated design and layout of these facilities resulted in higher than necessary operating costs and inefficiencies. Garages were often poorly located relative to changed bus route patterns, and resulted in excessive non-revenue or "deadhead" mileage causing high operating costs.

The bus maintenance facility program has and will continue to result in the rehabilitation and consolidation of existing garages where economically and operationally feasible, and the construction of new facilities as necessary to permit each facility to handle the full range of services required by a diverse fleet in a safe, environmentally sound and community compatible manner.

Complementing the upgrade of bus maintenance facilities is the investment for related operations support equipment. This includes the purchase of tools and equipment for bus garages; equipment for maintenance and operator training, safety monitoring; replacement of antiquated non-revenue vehicles; improvement of revenue collection and radio communication systems; environmental compliance, including fuel tank replacement, asbestos removal and monitoring systems and funds for modest scope facility upgrade.

Accomplishments to Date. NJ TRANSIT has constructed new bus maintenance facilities in Howell Township in Monmouth County, Washington Township in Burlington County, the Orange Garage in Essex County, and has near completion the reconstruction of the Hilton Garage in Maplewood in conjunction with the NJ TRANSIT Bus Operations' office building, and the reconstruction of the Newton Avenue Garage in Camden County has been started. A statewide radio system is presently under construction, as well as new fare collection equipment for all NJ TRANSIT and most private carrier coaches.

Capital Program. The fiscal year 1989-91 "favored" program provides $136.11 million for bus maintenance facilities and related needs, for the construction or rehabilitation of three bus maintenance facilities—Meadowlands, Passaic (Wayne) and Oradel—plus the completion of the Newton Avenue facility and the Newark Bus Complex at Ferry Street. These five projects are described below.

(1) *Meadowlands.* The Meadowlands Facility will be constructed as a 274,000 square foot garage in North Bergen with a storage capacity for 204 buses. The facility will accommodate all types of buses (transit, cruiser, articulated). The maintenance area will include parts storage, offices, employee facilities, vehicle and repair bays, and utility areas. The bus servicing area will include new bus washers with water recycling/reclamation systems bus vacuuming systems and automatic fluid dispensing systems. Upon completion of this facility, NJ TRANSIT will eventually be able to close its Union City garage, a structurally and operationally obsolete facility.

(2) *Oradell.* Upon completion of the Meadowlands facility, NJ TRANSIT will rehabilitate the Oradell garage to accommodate 180 buses. This project will provide modern facilities, much like the Meadowlands except with unheated bus storage, covered by a parking deck due to limited site size.

(3) *Wayne.* This facility will be constructed as a 237,000 square foot garage near I-80 in Wayne Township with a storage capacity of 150 buses. Like the Meadowlands facility, this facility will accommodate all types of buses. Upon completion, NJ TRANSIT will be able to close its Madison Avenue garage in Paterson, a facility built in the 1920s which is structurally and operationally obsolete.

(4) *Newton Avenue.* The Newton Avenue Bus Maintenance Complex consists of reconstructing the garage to be a 177,000 square foot facility with new administrative, maintenance and service areas for 130 buses serving Camden County and surrounding areas.

(5) *Newark Bus Complex.* The Newark Bus Complex project will replace existing facilities at Ferry Street, Newark (which provides heavy maintenance and repair for NJ TRANSIT's entire Northern Bus Division) and the Elizabeth Bus Garage. The project entails the conversion of a former manufacturing facility on Doremus Avenue into a modern and efficient heavy repair shop, maintenance garage, non-revenue vehicle shop and central stores. Construction will begin in 1989. Funds in the program are the residual funds necessary to fully fund the project.

Funding needs in the fiscal year 1992-94 period for bus maintenance facilities and related projects amounts to $174 million. This total would enable the rehabilitation of four garages—Market Street in Paterson, Greenville (Jersey City), Big Tree (Nutley), and Fairview—and the construction of new facilities in Mercer County and Atlantic City.

BUS ROLLING STOCK

Brief Profile. NJ TRANSIT Bus Operations and the state's private carriers operate a total of 3,110 buses in regular route services. Of these, NJT Bus operates 1,871 and the private carriers operate 1,239. Approximately one-third of these buses are "transit" buses, which are used for local bus service in urban areas.

Accomplishments to Date. NJ TRANSIT's investments to date has resulted in the acquisition of 1,775 new and used buses and 218 rehabilitated/refurbished buses. These buses are operated by both NJ TRANSIT Bus Operations, Inc. (NJT Bus) and private carriers.

	New	Rehabilitated/ refurbished	Total
NJT Bus	1,300	56	1,356
Private Carriers	475	162	637
Total	1,775	218	1,993

In addition, three procurements are underway which, when completed, will reduce the average age of the fleet to approximately 6 years. Under these procurements, 1,033 new and refurbished buses, will be purchased.

	New	Refurbished	Total
NJT Bus	357	204	561
Private Carriers	176	296	472
Total	533	500	1,033

Capital Program. Because few buses will reach the standard replacement age in the 1989 to 1991 period, the capital program in this category during these years is modest—only $4.5 million to replace 31 overage transit buses. However, the need in the 1992–94 period is large when some 1,500 buses will be at an age warranting replacement at an estimated cost of $387 million. Consistent with past practices, the allocation between private and public carriers would be defined by established allocation criteria, which account for the age of the bus fleet.

BUS PASSENGER FACILITIES

Brief Profile. This area of the program encompasses bus stops, signs and bus shelters, bus terminal improvements and park/rides.

Accomplishments to Date. Since 1980 some 6,000 park/ride spaces have been constructed, bus terminals have been built in Hackensack, Paterson, Wildwood and Camden, and the bus station under Newark-Penn Station has been refurbished.

Capital Program. In the fiscal year 1989–91 period $2.75 million is provided in the "favored" program for bus stop signs and bus shelters. The fiscal year 1992–94 needs amount to $23 million, largely intended for the continuation of the park/ride program after a 3 year hiatus.

CORPORATE

Brief Profile. Capital investments under this category include capital lease payments for major NJ TRANSIT office facilities, the replacement and capacity upgrades of management information systems, litigation support/emergency and disaster recovery, claims, disaster recovery investments, projects that respond to the special needs of elderly and disabled persons and the purchase of operations and maintenance equipment for private carriers.

Accomplishments to Date. Since the mid-1970's, the State of New Jersey has been making public transit investments to benefit the elderly and handicapped. In this period 529 vehicles with accessibility features have been purchased for private, non-profit organizations, providing service in all 21 counties of the state. The maintenance and upgrade of management information systems have enabled NJ TRANSIT to contend with the complexities of a 9,000 member workforce and institute such projects as the telephone information center, vehicle maintenance systems and computer-aided scheduling. Recognizing the role that private bus carriers play in the provision of transportation services, NJ TRANSIT initiated a capital improvement program that provides additional assistance to private carriers by purchasing non-revenue rolling stock and other associated capital equipment. Such equipment defrays capital costs which in turn permits lower cost operations and lower fares than would otherwise be possible.

Capital Program. The "favored" program will build upon past accomplishments by continuing to provide specialized paratransit vehicles and equipment to qualifying private, non-profit organizations throughout the state. Upgrading management information systems and developing software applications for the future will further improve internal operations. A variety of support equipment will be purchased for

private carriers to improve operations and maintenance, and continue NJ TRANSIT's valuable partnership with the private sector. The program also provides for legitimate claims and funds for disaster relief. In the favored fiscal year 1989-91 program, $52.27 million is targeted for these purposes. The fiscal year 1992-94 program envisions a need for an additional $41 million.

WATERFRONT

Brief Profile. The New Jersey Hudson River Waterfront is experiencing dramatic redevelopment, particularly in Jersey City and Hoboken. Redevelopment is occurring because of the Waterfront's proximity to Manhattan, and because it has large vacant tracts of land once used by railroads and manufacturing concerns available for redevelopment. Access to portions of the Waterfront is difficult, however, because of topography (the Palisades and the river) and the absence of adequate transportation infrastructure. Because of access constraints, waterfront redevelopment to date has occurred principally in locations served directly by PATH; in other locations access constraints are an impediment.

Accomplishments to Date. In 1985, the New Jersey Department of Transportation (NJDOT) developed a waterfront transportation plan, calling for major public transit and roadway improvements to address access constraints. NJ TRANSIT was called upon to develop and implement the plan, working in concert with NJDOT. To this end, NJ TRANSIT established a waterfront subsidiary organization, which has presided over concept engineering work, environmental analyses, and negotiations with development interests, municipalities, the Port Authority, and CONRAIL, whose freight line along the waterfront figures importantly in the plan.

Funds to support environmental and engineering analyses, the acquisition of Conrail's freight line, and the relocation of Conrail's freight operations have been secured from the state, the Port Authority, and UMTA. As these funds are depleted, new funding for transit related improvements will need to be secured.

Capital Program. The fiscal year 1989-91 capital program provides $7.49 million to supplement existing funds available for Waterfront transit improvements. The existing funds are primarily to be used for relocating Conrail's freight operations from the River Line, a principal Waterfront transportation corridor, and for conducting the Alternatives Analysis for long-term transportation improvements. The supplemental funding would allow NJ TRANSIT Waterfront to pursue a series of bus preferential projects. These are designed to provide faster, more reliable routes for buses operating between the Waterfront developments and from local and suburban residential areas to the new Waterfront job sites. One of them, the South Busway, would also relieve crowding on the Exclusive Bus Lane to the Lincoln Tunnel.

Funding needs in the 1992 to 1994 period continue the program of constructing bus preferential projects in the Waterfront area, and to begin the design and implementation of the longer term transit investments selected in the Alternatives Analysis. A fuller definition of the Waterfront's short range transit improvement needs and their costs will become available during the course of this year as the Waterfront Transportation Office's Short Range Work Plan produces recommendations for action. Shown in the fiscal year 1992-94 are $34 million a representation of potential capital needs in this period.

Another important development expected in 1989 will be the passage of the Transportation Development District bill, which would provide a mechanism for imposing impact fees on new developments and the creation of a district or districts along the Waterfront.

The Alternatives Analysis, funded by UMTA, examines the feasibility of a fixed guideway system to serve the Waterfront and is a required step for eventual Federal funding of this type of investment. The nature, cost and pace of the longer range investments will have to be prudently evaluated against a backdrop of probably conflicting influences. These include:

—intensity and pace of development
—transportation capacity demand
—alternative capacity solution provided by other parties
—availability of federal, state and developer funding

The Alternatives Analysis should be completed during the second half of 1990, allowing fiscal year 1992-94 capital needs to be more firmly defined at that time.

PROJECT DEFERRALS

As described previously, the capital program is constrained in fiscal years 1989, 1990, and 1991 by anticipated funding availability. The constraints are such that

certain projects which could be implemented in whole or in part during this period must be deferred to fiscal year 1992 or later. These projects, together with projects whose schedules dictate later implementation, are shown in the "out years", i.e. fiscal years 1992-94 portion of the program, which is not constrained. It is noteworthy that funding needs in the out years of the program amount to more than twice the annual level of funding anticipated in the fiscal year 1989-91 period (see Attachment IV). The implications of this are clear—if funding in the fiscal year 1992-94 period does not increase substantially over present levels, some of the projects shown in the fiscal year 1992-94 portion of the program will also have to be deferred.

Projects deferred from the fiscal year 1989-91 portion of the program are of special interest, since they could be implemented in the near term were it not for prevailing funding constraints. The most significant of these projects are:

RAIL

Infrastructure—There is $10 million less programmed in fiscal year 1991 for welded rail installation then the amount needed on a sustained basis to eliminate backlogged track work by 1993. As a result, the backlog cannot be eliminated until 1994. This reduced funding will not pose a safety hazard, so long as reduced funding levels are not sustained.

Rolling Stock—A number of diesel locomotives old enough to warrant replacement in fiscal year 1991 will not be replaced until later, which would in all likelihood necessitate more intensified maintenance efforts for as long as these locomotives are obliged to remain in service.

Rail Passenger Facilities—Funds programmed in the fiscal year 1989-91 period will constrain progress on new stations and station/terminal rehabilitation work. Projects expected to be affected are the proposed new station in Hamilton Township (I-295), and rehabilitation work at Hoboken Terminal. These projects and others will be partially funded, leaving some work waiting until fiscal year 1992 or later.

New Initiatives—Implementing the overall New Initiatives program requires a coordinated program on a number of closely interrelated projects, each of which represents a major investment in its own right. Some of the elements of the program—the Kearny Connection and Secaucus Transfer in particular—are dependent on complementary NEC infrastructure improvements (signals, power, PSNY passenger circulation, expanded train storage) while others (Waterfront Connection and Hunter Connection) are not. Further, keeping pace with private development at the Secaucus Transfer site, where private sector participation is in the offing for components of the overall transit project, may require an early commitment of funding for part of the added NEC track integral to the private development.

Additional funding beyond current expectations for fiscal year 1991 would permit accelerated progress in this work. A variety of scenarios at this stage are possible. Emphasis could be on a) more substantial investments in the supportive PSNY/NEC linchpin work; b) the projects at least partly dependent on this linchpin work (Kearny Connection and the Secaucus Transfer), and/or c) the "independent" projects like the Hunter or Waterfront Connections.

BUS

Rolling Stock—91 buses old enough to warrant replacement in fiscal year 1991 will be deferred.

FALLBACK PROGRAM

The aforementioned "favored" capital program would enable NJ TRANSIT to contract for critical rolling stock projects in a timely manner by taking advantage of capital GANS. By doing so, higher levels of appropriated resources remain available to accommodate other important projects in the fiscal year 1989-91 period. Without capital GANS, NJ TRANSIT would have to retreat to a pay-as-you-go capital program. That is, the rolling stock contracts would have to be supported by already appropriated funds while other projects get deferred. Major projects affected by the absence of a capital GANS are as follows:

The Meadowlands Bus Maintenance Facility would be deferred from the current fiscal year 1989 funding to fiscal year 1990. The result would be the continued use of an 80 year old bus garage in Union City. This obsolete facility requires maintenance storage of bus outdoors and circulation of buses on city streets in this Hudson County residential neighborhood.

Also, postponing construction of Meadowlands Garage will delay needed upgrades at other facilities and will require continued expenditures on older facilities. This will not have a long-term usefulness to NJ TRANSIT.

Additional funding for waterfront transit improvements would be reduced by approximately $4 million during the fiscal year 1989-91 period, curtailing NJ TRANSIT's plans to provide traffic improvements to facilitate bus flows.

These deferrals result in the delay of constructing operationally efficient and cost-effective facilities as well as the erosion of future capital programs as a consequence of inflation and reduced purchasing power.

RESOLUTION

WHEREAS, each year NJ TRANSIT's Board of Directors adopts a capital program for the upcoming fiscal year early in the calendar year to enable staff to take whatever actions are necessary to implement that capital program;

WHEREAS, adoption of such a capital program is a necessary step to enable staff to apply for Federal funding in accordance with the capital program;

WHEREAS, NJ TRANSIT is statutorily required each March to submit to the New Jersey State Legislature a list of capital projects intended for New Jersey Transportation Trust Fund capital expenditures for the upcoming fiscal year;

WHEREAS, the New Jersey Department of Transportation is required statutorily to prepare a transportation master plan every 5 years which describes capital plans for all modes of transportation; and

WHEREAS, said transportation master plan is to be published in 1989;

WHEREAS, NJ TRANSIT is required each year to submit to the State's metropolitan planning organizations (MPOs) a program of capital projects proposed for Federal funding over a 5 year period, for MPO consideration and adoption;

WHEREAS, NJ TRANSIT is seeking a multi-year funding pledge known as "Advanced Construction" from the Urban Mass Transportation Administration (UMTA);

WHEREAS, NJ TRANSIT is seeking legislative authority to issue capital Grant Anticipation Notes (GANS), which would enable the agency to contract for projects prior to the receipt of all pledged Federal funding;

WHEREAS, prospects for both "Advanced Construction" approval by UMTA and capital GANS authority by the State legislature are encouraging;

WHEREAS, NJ TRANSIT is not yet assured that these actions will occur;

WHEREAS, post fiscal year 1991 funding levels for Federal funds have not been defined; and

WHEREAS, NJ TRANSIT is seeking to consummate agreements with the Port Authority of New York and New Jersey defining the terms and conditions of capital funding commitments by the Port Authority for NJ TRANSIT capital projects, as provided for in previous bi-state-Port Authority accords.

NOW, THEREFORE, BE IT RESOLVED that the NJ TRANSIT Board of Directors adopt both a "favored" fiscal year 1989-1991 capital program anticipating both "Advanced Construction" and capital GANS, and a "fallback" fiscal year 1989-91 capital program in the event such approval/authority does not materialize.

FURTHER, THAT IT BE RESOLVED that NJ TRANSIT staff be directed to take whatever actions are necessary to proceed with these programs, subject to subsequent Board actions to authorize contract awards on specific projects contained In the program.

FURTHER, THAT IT BE RESOLVED that NJ TRANSIT Board of Directors adopt a fiscal year 1992 to 1994 capital program describing total needs, which provides a clear expression of desirable funding levels.

FY1989-FY1991
CAPITAL PROGRAM SUMMARY
FAVORED PROGRAM *
(Millions of Dollars)

ATTACHMENT 1

PROGRAM AREA	FY 1989				FY 1990				FY 1991				FY1989-FY1991			
	FEDERAL	STATE	PORT AUTH.	TOTAL	FEDERAL	STATE	PORT AUTH.	TOTAL	FEDERAL	STATE	PORT AUTH.	TOTAL	FEDERAL	STATE	PORT AUTH.	TOTAL
RAIL																
INFRASTRUCTURE	29.53	19.60	0.00	49.13	38.00	25.65	0.00	63.65	23.35	33.21	0.00	56.56	90.88	78.46	0.00	169.34
ROLLING STOCK	55.70	39.46	0.00	95.16	44.41	23.65	0.00	68.06	61.90	27.25	0.00	89.15	162.01	90.36	0.00	252.37
PSGR. FACILITIES	2.00	1.75	1.00	4.75	5.27	3.95	0.00	9.22	2.00	4.50	0.00	6.50	9.27	10.20	1.00	20.47
NEW INITIATIVES	0.00	0.00	19.00	19.00	1.20	1.30	20.00	22.50	1.60	0.10	20.00	21.70	2.80	1.40	59.00	63.20
Subtotal - Rail	87.23	60.81	20.00	168.04	88.88	54.55	20.00	163.43	88.85	65.06	20.00	173.91	264.96	180.42	60.00	505.38
BUS																
MAINT. FACILITIES	39.02	11.29	0.00	50.31	27.22	16.97	0.00	44.19	23.12	18.49	0.00	41.61	89.36	46.75	0.00	136.11
ROLLING STOCK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50	0.00	4.50	0.00	4.50	0.00	4.50
PSGR. FACILITIES	0.00	0.00	0.00	0.00	1.30	0.33	0.00	1.63	0.90	0.22	0.00	1.12	2.20	0.55	0.00	2.75
Subtotal Bus	39.02	11.29	0.00	50.31	28.52	17.30	0.00	45.82	24.02	23.21	0.00	47.23	91.56	51.80	0.00	143.36
WATERFRONT	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00	0.00	6.49	0.00	6.49	0.00	7.49	0.00	7.49
CORPORATE	9.65	3.50	0.00	13.15	6.60	16.15	0.00	22.75	11.13	5.24	0.00	16.37	27.38	24.89	0.00	52.27
TOTAL	135.90	75.60	20.00	231.50	124.00	89.00	20.00	233.00	124.00	100.00	20.00	244.00	383.90	264.60	60.00	708.50

* This does not include previously-pledged funding from the Port Authority of New York and New Jersey and the New Jersey Turnpike Authority for busway-related improvements and the Conrail relocation.

NOTE: $3.21 million is reserved in each fiscal year for elderly & handicapped and rural transportation capital projects funded by Casino Revenue Funds and UMTA Sections 16(b)(2) and 18.

NJ TRANSIT FY 1990 CAPITAL PROGRAM
(millions of dollars)

PROGRAM AREA	FEDERAL	STATE	PORT AUTHORITY	TOTAL
RAIL				
Rail Infrastructure				
o Track Rehabilitation	$20.26	$ 6.76	-	$27.02
o Bridge Rehabilitation	7.26	2.42	-	9.68
o Signals and Communications Rehabilitation/Replacement	6.30	2.10	-	8.40
o Electric Traction System Upgrade	1.13	.38	-	1.51
o Centralized Traffic Control Improvements on the Northeast Corridor Lines	3.05	1.02	-	4.07
o Support Facilities/Equipment	-	12.97	-	12.97
SUB TOTAL	$38.00	$25.65	-	$63.65
Rail Rolling Stock				
o Purchase Electric Locomotives	26.40	8.80	-	35.20
o Overhaul/Replacement Diesel Locomotives	-	4.80	-	4.80
o Overhaul/Replacement Passenger Coaches	15.80	-	-	15.80
o Associated Capital Maintenance (spare parts)	2.21	.55	-	2.76
o Bombardier Lease Payment (for existing coaches)	-	9.50	-	9.50
SUB TOTAL	$44.41	$23.65	-	$68.06
Rail Passenger Facilities				
o Existing Stations and Associated Parking	4.19	3.68	-	7.87
o New Stations and Associated Parking	1.08	.27	-	1.35
SUB TOTAL	$ 5.27	$ 3.95	-	$ 9.22
New Initiatives				
o Waterfront Connection Eastbound Leg Construction	-	-	2.00	2.00
o Penn Station New York Improvements	-	-	13.00	13.00
o Passenger Facilities				
o Track				
o Northeast Corridor Improvements	-	1.00	5.00	6.00
o Boonton/Montclair Alternatives Design/ Environmental Studies	1.20	.30	-	1.50
SUB TOTAL	$ 1.20	$ 1.30	$20.00	$22.50
BUS				
Bus Maintenance Facilities and Support Equipment				
o Wayne Bus Facility Design and Construction	$ 24.40	$ 6.10	-	$ 30.50
o Big Tree Bus Facility Design	-	.60	-	.60
o Property Acquisition/ Preliminary Engineering for a New Bus Maintenance Facility in AC	-	2.41	-	2.41
o Support Facilities/ Equipment Improvements	2.82	7.86	-	10.68
SUB TOTAL	$ 27.22	$16.97	-	$ 44.19

NJ TRANSIT FY 1990 CAPITAL PROGRAM
(millions of dollars)

PROGRAM AREA	FEDERAL	STATE	PORT AUTHORITY	TOTAL
Bus Passenger Facilities				
o Passenger Support	1.30	.33	-	1.63
Waterfront				
o Local Bus Preferential Treatments	-	1.00	-	1.00
Miscellaneous				
o Property Lease Payments	5.00	1.25	-	6.25
o Special Services Match for Federal Elderly and Disabled Transportation Service Grants	-	.25	-	.25
o Management Information System Upgrade	.80	.20	-	1.00
o Private Carrier Capital Improvement Program	.80	.20	-	1.00
o Claims Settlements/Contract Closeouts	-	14.25	-	14.25
SUB TOTAL	$ 6.60	$16.15	-	$ 22.75
TOTAL	$124.00	$89.00	$20.00	$233.00

FY1989-FY1991
CAPITAL PROGRAM SUMMARY
FALLBACK PROGRAM
(Millions of Dollars)

ATTACHMENT III

PROGRAM AREA	FY 1989 FEDERAL	FY 1989 STATE	FY 1989 PORT AUTH.	FY 1989 TOTAL	FY 1990 FEDERAL	FY 1990 STATE	FY 1990 PORT AUTH.	FY 1990 TOTAL	FY 1991 FEDERAL	FY 1991 STATE	FY 1991 PORT AUTH.	FY 1991 TOTAL	FY1989-FY1991 FEDERAL	FY1989-FY1991 STATE	FY1989-FY1991 PORT AUTH.	FY1989-FY1991 TOTAL
RAIL																
INFRASTRUCTURE	33.28	21.12	0.00	54.40	28.00	23.21	0.00	51.21	38.00	29.48	0.00	67.48	99.28	73.81	0.00	173.09
ROLLING STOCK	87.80	37.54	0.00	125.34	32.00	21.50	0.00	53.50	42.33	38.50	0.00	80.83	162.13	97.54	0.00	259.67
PSGR. FACILITIES *	0.00	1.25	1.00	2.25	4.00	5.42	0.00	9.42	2.00	5.55	0.00	7.55	6.00	12.22	1.00	19.22
NEW INITIATIVES	0.00	0.00	19.00	19.00	1.20	1.30	20.00	22.50	1.60	.10	20.00	21.70	2.80	1.40	59.00	63.20
Subtotal - Rail	121.08	59.91	20.00	200.99	65.20	51.43	20.00	136.63	83.93	73.63	20.00	177.56	270.21	184.97	60.00	515.18
BUS																
MAINT. FACILITIES	9.92	11.13	0.00	21.05	52.20	24.61	0.00	76.81	26.74	13.58	0.00	40.32	88.86	49.32	0.00	138.18
ROLLING STOCK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50	0.00	4.50	0.00	4.50	0.00	4.50
PSGR. FACILITIES	0.00	0.00	0.00	0.00	0.00	1.63	0.00	1.63	2.20	0.55	0.00	2.75	2.20	2.18	0.00	4.38
Subtotal Bus	9.92	11.13	0.00	21.05	52.20	26.24	0.00	78.44	28.94	18.63	0.00	47.57	91.06	56.00	0.00	147.06
WATERFRONT	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00	0.00	2.50	0.00	2.50	0.00	3.50	0.00	3.50
CORPORATE	5.00	4.56	0.00	9.56	6.60	10.33	0.00	16.93	11.13	5.24	0.00	16.37	22.73	20.13	0.00	42.86
TOTAL	136.00	75.60	20.00	231.6	124.00	89.00	20.00	233.00	124.00	100.00	20.00	244.00	384.00	264.60	60.00	708.60

* This does not include previously-pledged funding from the Port Authority of New York and New Jersey and the New Jersey Turnpike Authority for busway-related improvements and the Conrail relocation.

NOTE: $3.21 million is reserved in each fiscal year for elderly & handicapped and rural transportation capital projects funded by Casino Revenue Funds and UMTA Sections 16(b)(2) and 18.

ATTACHMENT IV

NJ TRANSIT CAPITAL NEEDS*
FISCAL YEARS 1992-1994
(Millions Of Dollars)

PROGRAM AREA		
RAIL		
Infrastructure	$ 242.03	
Rolling Stock	292.94	
Passenger Facilities	64.15	
New Initiatives	527.33	
Subtotal - RAIL		$ 1,116.45
BUS		
Maintenance Facilities	$ 174.31	
Rolling Stock	386.53	
Passenger Facilities	22.53	
Subtotal - BUS		583.37
WATERFRONT		34.08
CORPORATE		41.13
TOTAL		$ 1,775.03

*Assumes "favored" program in FY 1989-91.

STATEMENT OF RICHARD B. HASSELMAN, SENIOR VICE PRESIDENT-OPERATIONS, CONSOLIDATED RAIL CORPORATION

Conrail appreciates the opportunity to explain, to your subcommittee, our role in the transportation project being implemented by New Jersey Transit.

In 1985, the New Jersey Department of Transportation advised Conrail of its plan to create a transportation corridor along the east face of the Palisades through Weehawken, Hoboken and Jersey City, using Conrail's River Line as its nucleus. The River Line is Conrail's main north-south freight route through Northern New Jersey. It is the connecting link between Conrail's various terminal facilities in this area, and it ties together our routes leading to Northern New York State and Canada, on the one hand, with our routes leading south and west along the Eastern Seaboard, on the other hand.

In order to make the River Line available to NJDOT, it was proposed that Conrail relocate its main freight line onto the right-of-way of the little-used Northern Branch, along the west face of the Palisades. This relocation would require a number of physical changes, including a new connection at Marion Junction.

In 1985, when New Jersey proposed this project, Conrail was preparing to increase the vertical clearances on its existing River Line. To accommodate New Jersey's ultimate objective, Conrail revised its plans and increased vertical clearances via the Northern Branch, rather than via the River Line, under an interim agreement with New Jersey Department of Transportation, dated August 2, 1985. Pursuant to that agreement, Conrail has already constructed the "bathtub" where the Northern Branch passes beneath Amtrak's Northeast Corridor, upgraded its Northern Branch track between North Bergen and Croxton, and improved clearances in its Bergen Tunnel.

Since that time, New Jersey has experienced substantial delay in acquiring the property necessary for the Marion Junction connection. As a result the whole Northern Branch project has been "on hold". The delay in construction has also created problems for developers in the lower Jersey City area, who cannot commence construction on their properties until Conrail can discontinue operations on its branch leading to Harsimus Cove.

The Marion Junction connection is the key toward breaking this whole logjam. During the last two months, New Jersey appears to have made progress toward solving some of the obstacles which stand in the way of that connection. Conrail is committed to moving forward, as soon as New Jersey delivers the necessary properties, permits and funding for the work required.

We appreciate the interest of your subcommittee in this important transportation project and will be happy to answer any questions you might have on it.

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